

3 August 2023

Dear Shareholder

LETTER OF ACCESS – SPP OFFER

As announced on 1 August 2023, MGC Pharmaceuticals Ltd (ACN 116 800 269) (**Company**) is undertaking a capital raising pursuant to a security purchase plan to raise up to \$2,685,728 (**SPP**), under which eligible Shareholders will be given the opportunity to acquire up to 1,167,707,885 fully paid ordinary shares (**Shares**) at an issue price of \$0.0023 per Share (**SPP Shares**).

The Company also announced that, subject to obtaining Shareholder approval, participants in the SPP will be issued one (1) free-attaching attaching option for every two (2) SPP Shares subscribed for and issued under the SPP, exercisable at \$0.003 each on or before 31 July 2026 (**SPP Options**) (**SPP Offer**).

The SPP Offer will open today, Friday, 4 August 2023 and will close at 5:00pm (WST) on Friday, 18 August 2023 (unless extended, withdrawn or closed early by the Company).

A prospectus in relation to the SPP Offer was lodged by the Company with ASIC and ASX 3 August 2023 (**Prospectus**). An electronic copy of the Prospectus, along with information with respect to applying under the SPP Offer is accessible at www.computersharecas.com.au/MXCSP

If you are unable to access the Prospectus online, please contact the Company on +61 (0) 8 6555 2950 or info@mgcpharma.uk.

Eligible Shareholders

Only Eligible Shareholders may participate in the SPP Offer. Eligible Shareholders for the purpose of the SPP Offer are Shareholders:

- (a) who were registered holders of Shares on the Record Date; and
- (b) whose registered address is in Australia.

The number of SPP Shares to which Eligible Shareholders are entitled is shown on the application form that accompanies the Prospectus. If you are the only registered Shareholder of a holding of Shares, but you receive more than one SPP Offer (for example because you hold Shares in more than one capacity), you may only apply for one parcel of Shares with a value of up to \$30,000. The Company reserves the right to reject any application for Shares under this Prospectus to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

Participation in the SPP Offer is optional and is subject to the terms and conditions set out in the Prospectus.

How to Apply

The Prospectus and details of your entitlement (including how to pay by Bpay) are now available to view online.

You can login to view your entitlement by visiting the SPP Offer website at www.computersharecas.com.au/MXCSP and following the steps below:

- (a) enter your HIN/SRN and your postcode (applicable only in Australia);
- (b) view or download the Prospectus and read it in its entirety; and
- (c) follow the onscreen instructions for how to make your payment for the number of Shares that you wish to apply for based on the parcel amounts listed.

If you are in any doubt about whether to participate in the SPP, you should seek advice from your financial, taxation or other professional adviser before participating.

Key Dates for the SPP

Action	Date
Record Date for SPP	5:00pm (WST) on 31 July 2023
Announcement of SPP and lodgment of Appendix 3B with ASX	1 August 2023
Lodgment of Prospectus for issue of SPP Securities with ASIC and ASX	3 August 2023
Opening date of the SPP Offer under the Prospectus	4 August 2023
Closing Date of the SPP Offer under the Prospectus**	18 August 2023
Announcement of the results of the SPP	22 August 2023
Issue of SPP Shares and lodgement of Appendix 2A for the SPP Shares with ASX	24 August 2023
General Meeting to approve the issuance of the SPP Options	5 September 2023
Issue of SPP Options and lodgement of forms for the SPP Options with ASX	6 September 2023

* The above dates are indicative only and may change without prior notice.

** Subscribers under the SPP Offer should ensure that they have lodged their Application Form by this date.

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser or call the Company on +61 (0) 8 6555 2950 Monday to Friday, 8:30am to 5:00pm (WST) or info@mgcpharma.uk.

Yours faithfully

Roby Zomer
CEO & Managing Director
MGC PHARMACEUTICALS LTD

MGC PHARMACEUTICALS LTD

ACN 116 800 269

PROSPECTUS

For the offers of:

- (a) up to 1,167,707,885 fully paid ordinary shares (**Shares**) at an issue price of \$0.0023 per Share (**SPP Shares**), together with one (1) free attaching Option for every two (2) Shares issued, exercisable at \$0.003 each, expiring on or before 31 July 2026 (**SPP Options**) to eligible shareholders under the Company's security purchase plan (**SPP**) to raise up to \$2,685,728 (**SPP Offer**); and
- (b) up to 1,167,707,885 Shares and 583,853,943 Options to make up any shortfall under the SPP Offer (**Shortfall Offer**),

(together, the **Offers**).

SECURITY PURCHASE PLAN INFORMATION

The SPP Offer is currently scheduled to close at 5:00pm (AWST) on 18 August 2023. Valid applications must be received by that time. Details of how to apply for Securities are set out in the Application Form accompanying this Prospectus.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as highly speculative.

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CORPORATE DIRECTORY

Directors

Roby Zomer
Managing Director and CEO

Dr Stephen Parker
Non-Executive Chair

Ross Walker
Non-Executive Director

Layton Mills
Non-Executive Director

Company Secretary

Rowan Harland

Share Registry*

Computershare Investor Services Pty
Limited
Level 11, 172 St Georges Terrace
PERTH WA 6000

Email:

web.queries@computershare.com.au

Website:

<http://www.computershare.com/au>

ASX Code

MXC

Registered Office

Suite1, 295 Rokeby Road
SUBIACO WA 6008

Telephone: +61 (0) 8 6555 2950

Email: info@mgcpharma.uk

Website: mgcpharma.uk

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditor*

Hall Chadwick
Level 40, 2 Park Street
SYDNEY NSW 2000

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

1. TIMETABLE AND IMPORTANT NOTES

1.1 Timetable

Action	Date
Record Date for SPP	5:00pm (AWST) on 31 July 2023
Announcement of SPP and lodgment of Appendix 3B with ASX	1 August 2023
Lodgment of Prospectus for issue of SPP Securities with ASIC and ASX	3 August 2023
Opening date of the SPP Offer under the Prospectus	4 August 2023
Closing Date of the SPP Offer under the Prospectus**	18 August 2023
Announcement of the results of the SPP	22 August 2023
Issue of SPP Shares and lodgement of Appendix 2A for the SPP Shares with ASX	24 August 2023
General Meeting to approve the issuance of the SPP Options	5 September 2023
Issue of SPP Options and lodgement of forms for the SPP Options with ASX	6 September 2023

* The above dates are indicative only and may change without prior notice.

** Subscribers under the SPP Offer should ensure that they have lodged their Application Form by this date.

1.2 Shortfall Offer

The Shortfall Offer will remain open for up to three (3) months from the date of this Prospectus and may be closed at any time by the Directors in their sole discretion.

1.3 Important Notes

This Prospectus is dated 3 August 2023 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Applications for Securities offered pursuant to this Prospectus can only be submitted via the offer website at www.computershareca.com.au/mxcsp or on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

1.4 ASIC Instrument and ASX Listing Rule 7.2, Exception 5

In certain circumstances, a listed company may undertake a share purchase plan in accordance with ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (**ASIC Instrument**). The ASIC Instrument allows a share purchase plan to be conducted without the use of a prospectus once in any consecutive 12-month period.

As the Company is also offering Options under the SPP, the Company is unable to rely on the relief granted by the ASIC Instrument in respect of the Options (as the relief relates to offers of fully paid ordinary shares only) and, therefore, is undertaking the issue of Shares and Options under the SPP pursuant to this Prospectus.

1.5 Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of SPP Options issued under this Prospectus. The Company will only distribute this Prospectus to those investors who fall within the target market determination (**TMD**) as set out on the Company's website (www.mgcpharma.co.uk). By making an application under the SPP Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

1.6 Risk factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 5 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

1.7 Taxation implications

The Directors do not consider it appropriate to give Shareholder advice regarding the taxation consequences of applying for Securities under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with applying for Securities under this Prospectus.

1.8 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and our management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5.

1.9 Website – Electronic Prospectus

Eligible Shareholders can access a copy of this Prospectus and a personalised Application Form from the offer website at www.computersharecas.com.au/mxcsp.

The Application Form accompanying the electronic version of this Prospectus must only be used within Australia. An Application Form cannot be downloaded without also downloading this Prospectus. An electronic version of this Prospectus should be downloaded and read in its entirety.

Paper copies of this Prospectus and an Application Form can be obtained free of charge during the Offer Period by calling the Company on +61 (0) 8 6555 2950 or info@mgcpharma.uk. The information on the Company's website does not form part of this Prospectus.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

1.10 Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

1.11 Disclaimer

No person is authorised to give information or to make any representation in connection with the offers described in this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offers. You should rely only on information in this Prospectus.

1.12 Investment Advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Securities under this Prospectus.

2. DETAILS OF THE OFFERS

2.1 Background to the SPP

On 1 August 2023, the Company announced that it is undertaking a capital raising pursuant to a security purchase plan to raise up to \$2,685,728 (**SPP**), under which Eligible Shareholders will be given the opportunity to acquire up to 1,167,707,885 fully paid ordinary shares at an issue price of \$0.0023 per Share (**SPP Shares**). The Company also announced that, subject to obtaining Shareholder approval, participants in the SPP would be issued one (1) free-attaching attaching Option for every two (2) SPP Shares subscribed for and issued under the SPP (**SPP Options**) (**SPP Offer**).

The SPP Options are exercisable at \$0.003 each, on or before 31 July 2026.

In the event that less than \$2,685,728 is applied for under the SPP Offer by Eligible Shareholders, the Directors may seek to place that number of Shares at an issue price of \$0.0023 per Share (together with free-attaching Options on the same basis as the SPP Offer) to raise up to \$2,685,728 when combined with the amount raised under the SPP Offer (**Shortfall Offer**).

The Company will issue Shares applied for under the Shortfall Offer pursuant to its existing Listing Rule 7.1 and 7.1A placement capacity up to an amount of \$1,072,068 (up to 466,116,804 Shares). In the event that the shortfall is greater than this amount, the issue of any additional Shares under the Shortfall Offer will be subject to the Company obtaining Shareholder approval at its upcoming general meeting to be held on or about 5 September 2023 (**General Meeting**). The issue of Options under the SPP Offer and the Shortfall Offer is also subject to the Company obtaining Shareholder approval at the General Meeting.

Further details in relation to the SPP are set out in the ASX announcement dated 1 August 2023 (**Announcement**).

2.2 The SPP Offer

By the SPP Offer under this Prospectus, the Company offers up to 1,167,707,885 SPP Shares at an issue price of \$0.0023 per SPP Share, together with one (1) free attaching SPP Option for every two (2) SPP Shares subscribed for and issued, exercisable at \$0.003 per SPP Option on or before 31 July 2026, to Eligible Shareholders.

The SPP Offer is an offer to each Eligible Shareholder to subscribe for new Shares to a maximum value of \$30,000 of at an issue price of \$0.0023 per SPP Share, together with one (1) SPP Option for every two (2) SPP Shares subscribed for and issued. Fractional entitlements will be rounded down to the nearest whole number.

As stated above, the issue of the SPP Options is subject to Shareholder approval to be obtained at the General Meeting.

All of the Shares offered under the SPP Offer pursuant to this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 4.1 for further information regarding the rights and liabilities attaching to the Shares.

The SPP Options offered under the SPP Offer pursuant to this Prospectus will be exercisable at \$0.003 each on or before 31 July 2026 and otherwise on the terms

set out in Section 4.2. All of the Shares issued upon exercise of the SPP Options will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the SPP Offer is set out in Section 3.1. The SPP Offer is non-renounceable, which means that Eligible Shareholders may not transfer their rights to any Securities offered under the SPP Offer.

No funds will be raised from the issue of SPP Options pursuant to the SPP Offer as the SPP Options are free attaching to Shares issued under the SPP on a one for two basis.

2.3 The Shortfall Offer

The Shortfall Offer is an offer of up to 1,167,707,885 Shares at \$0.0023 per Share and 583,853,943 Options on the basis of one (1) Option for every two (2) Shares subscribed for and issued to raise up to \$2,685,728.

The Company will issue Shares applied for under the Shortfall Offer pursuant to its existing Listing Rule 7.1 and 7.1A placement capacity up to an amount of \$1,072,068 (up to 466,116,804 Shares). In the event that the shortfall is greater than this amount, the issue of any additional Shares under the Shortfall Offer will be subject to the Company obtaining Shareholder approval at the General Meeting.

The issue of Options under the Shortfall Offer is also subject to the Company obtaining Shareholder approval at the General Meeting.

The Shares and Options (assuming Shareholder approval) issued under the SPP Offer will be deducted from the Shares and Options issued under the Shortfall Offer so that the total number of Shares and Options issued under the SPP Offer and the Shortfall Offer is 1,167,707,885 Shares and 583,853,943 Options.

2.4 Eligibility to participate in SPP Offer

Only Eligible Shareholders may participate in the SPP Offer. 'Eligible Shareholders' for the purpose of the SPP Offer are Shareholders:

- (a) who were registered holders of Shares on the Record Date; and
- (b) whose registered address is in Australia.

If you are the only registered Shareholder of a holding of Shares, but you receive more than one SPP Offer (for example because you hold Shares in more than one capacity), you may only apply for one parcel of Shares with a value of up to \$30,000. The Company reserves the right to reject any application for Shares under this Prospectus to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

Participation in the SPP Offer is optional and is subject to the terms and conditions set out in this Prospectus.

2.5 Minimum subscription

There is no minimum subscription to the Offers.

2.6 Not underwritten

The Offers are not underwritten.

2.7 Applications

SPP Offer

Eligible Shareholders may apply under the SPP Offer by completing the Application Form accompanying this Prospectus in accordance with the instructions outlined on the Application Form.

Pursuant to the SPP Offer, Eligible Shareholders may apply for Shares with a maximum value of \$30,000. Eligible Shareholders may participate by selecting one of the following options to purchase Shares under the SPP Offer:

	SPP Application Amount	Number of Shares which may be purchased
Offer A	\$1,000	434,782
Offer B	\$2,500	1,086,956
Offer C	\$5,000	2,173,913
Offer D	\$7,500	3,260,869
Offer E	\$10,000	4,347,826
Offer F	\$15,000	6,521,739
Offer G	\$20,000	8,695,652
Offer H	\$30,000	13,043,478

Where the amount applied for results in a fraction of a Security the number of Shares issued will be rounded down to the nearest whole Security.

Completed Application Forms and payment of the application monies must be mailed or delivered to the address set out on the Application Form, with sufficient time to be received by or on behalf of the Company by **no later than 5.00pm (AWST) on the Closing Date.**

The Company reserves the absolute discretion to scale back applications under the SPP Offer to the extent and in the manner it sees fit. If the Company undertakes a scale back, you will receive the number of SPP Shares determined by the Company in its absolute discretion which may be less than the number of Shares applied for. In this case, the difference between the application monies received and the number of SPP Shares allocated to you multiplied by the issue price per SPP Share may be refunded to you by direct credit (to your nominated account recorded on the Company's share register) or by cheque as soon as practicable, without interest.

If you require assistance in completing an Application Form, please contact the Company on +61 (0) 8 6555 2950 or info@mgcpharma.uk.

Shortfall Offer

The issue of some Shares and all Options under the Shortfall Offer are subject to Shareholder approval as set out in Section 2.3. Application Forms for the Shortfall Offer will be provided to parties determined by the Directors. Applicants who wish to participate in the Shortfall Offer should contact the Company.

Completed Application Forms under the Shortfall Offer must be returned to the address set out in the Application Form with sufficient time to be received by or on behalf of the Company by no later than the date specified by the Company when providing Applicants with a copy of this Prospectus and an Application Form.

2.8 Payment – SPP Offer and Shortfall Offer

(a) Payment by BPAY®

For payment by BPAY®, please follow the instructions on your personalised Application Form (which can be obtained from the offer website at www.computersharecas.com.au/mxc spp).

You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

Please note that should you choose to pay by BPAY®:

- (i) you do not need to submit the Application Form but are taken to have made the declarations on that Application Form; and
- (ii) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Securities which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00pm (AWST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Securities (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

2.9 ASX listing

Application for Official Quotation of all of the Shares offered pursuant to this Prospectus will be made within 7 days of the date of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

2.10 Issue

Securities issued pursuant to the Offers will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus. Application monies will be held in a separate subscription account until the Securities are issued. This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the application monies will be for the benefit of the Company and will be retained by the Company irrespective

of whether any Securities are issued and each Applicant waives the right to claim any interest.

The Directors will determine the recipients of all the Securities. The Directors reserve the right to reject any application or to allocate any Applicant fewer Securities than the number applied for.

Where the number of Securities issued is less than the number applied for, the surplus monies will be returned by direct credit or cheque as soon as practicable after the Closing Date. Where no issue of Securities is made, the amount tendered on application will be returned in full by direct credit or cheque as soon as practicable after the Closing Date. Interest will not be paid on monies refunded.

Holding statements for Securities issued under the Offers will be mailed in accordance with the timetable set out at the commencement of this Prospectus.

2.11 Restrictions on the distribution of the Prospectus

The distribution of this Prospectus outside Australia may be restricted by law. For this reason, it is practical to make the Offers solely available to those Shareholders whose registered address is in Australia.

2.12 Enquiries

Any questions concerning the Offers should be directed to the Company on +61 (0) 8 6555 2950 or info@mgcpharma.uk.

3. PURPOSE AND EFFECT OF THE OFFERS

3.1 SPP Offer and the Shortfall Offer

The Company is seeking to raise up to \$2,685,728 from Eligible Shareholders under the SPP Offer. The Shortfall Offer is an offer to raise any shortfall that exists under the SPP Offer, such that the maximum that may be raised under the SPP Offer and the Shortfall Offer is \$2,685,728.

3.2 Purpose of the Offers

The primary purpose of the SPP Offer is to raise up to \$2,685,728 (before costs and assuming full subscription).

The funds raised from the SPP Offer and the Shortfall Offer are planned to be used in accordance with the table set out below:

Proceeds of the Offers	Full Subscription under the SPP (\$2,685,728)	%
Production, raw material and laboratory costs	983,000	36.60%
Existing debt	523,069	19.48%
Corporate and audit costs	507,600	18.90%
Ongoing working capital	478,100	17.80%
Expenses of the Offers	36,140	1.32%
Marketing	85,319	3.20%
Taxes	72,500	2.70%
Total	\$2,685,728	100%

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

Where less than the full \$2,685,728 is raised, the funds allocated to working capital and existing debt will first be reduced and then the Board will assess ways to reduce the funds allocated to production, raw material and laboratory costs, taxes, audit costs and marketing and promotional activity to ensure that the Company can achieve its stated objective within the budget.

To the extent the SPP Offer and the Shortfall Offer are not fully subscribed, the Company will seek to appropriately scale back and/or delay its discretionary spending, while it seeks alternative sources of funding. The Company will need to raise further capital following the SPP Offer and Shortfall Offer, likely in the near future, to further fund the Company's operations and achievement of its objectives.

The Company's need for further capital will depend on the amount raised on completion of the SPP Offer and the Shortfall Offer. No assurance can be given

as to the size or pricing of any subsequent capital raising as this will be determined by the Board at the relevant time.

3.3 Effect of the SPP Offer

The principal effect of the SPP Offer (up to \$2,685,728) and the Shortfall Offer (up to \$2,685,728 depending on the take up of the SPP Offer), assuming the Company issues the maximum number of Securities will be to:

- (a) increase the cash reserves by \$2,685,728 (before deducting the estimated expenses of the SPP Offer) immediately after completion of the SPP Offer; and
- (b) increase the number of Shares on issue from 3,892,359,617 to 5,060,067,502 Shares following completion of the SPP Offer; and
- (c) increase the number of Options on issue from 728,694,407 to 1,312,548,350 Options following completion of the SPP Offer.

3.4 Effect of the Offers on capital structure

The effect of the Offers on the Company's capital structure is set out below.

Shares	Number
Shares currently on issue ¹	3,892,359,617
Shares to be issued under the SPP Offer and/or Shortfall Offer ²	1,167,707,885
Total Shares on issue on completion of the SPP Offer	5,060,067,502

Notes:

1. The rights and liabilities attaching to the Shares are summarised in Section 4.1.
2. Assumes \$2,685,728 is raised under the SPP Offer and the Shortfall Offer.

Options	Number
Options currently on issue ¹	728,694,407
Options to be issued under the SPP Offer and/or Shortfall Offer ^{2,3}	583,853,943
Total Options on issue on completion of the SPP Offer^{3,4}	1,312,548,350

Notes:

1. Comprising:
 - (a) 166,035,793 unquoted Options exercisable at \$0.012 expiring on or before 12 April 2024;
 - (b) 50,000,000 unquoted Options exercisable at \$0.013 expiring on or before 30 June 2025;
 - (c) 9,000,000 unquoted Options exercisable at GBP0.02 expiring on or before 1 December 2024;
 - (d) 17,500,000 unquoted Options exercisable at \$0.07 expiring on or before 31 August 2023;
 - (e) 17,500,000 unquoted Options exercisable at \$0.06 expiring on or before 31 August 2023;
 - (f) 16,300,000 unquoted Options exercisable at \$0.05 expiring on or before 31 August 2023; and
 - (g) 452,358,614 unquoted Options exercisable at GBP0.0012 expiring on or before 14 July 2026.

- The rights and liabilities attaching to the SPP Options are summarised in Section 4.2.
- This assumes the SPP Offer and Shortfall Offer is fully subscribed. Options issuable under the SPP Offer and the Shortfall Offer are subject to Shareholder approval at General Meeting.
- As announced on 14 July 2023, the Company is proposing to issue a further 89,308,052 Options, exercisable at GBP0.0012 each expiring on or before 14 July 2026, subject to Shareholder approval being obtained at the General Meeting.

Performance Rights	Number
Performance Rights currently on issue	18,400,000
Performance Rights offered under the SPP Offer and/or Shortfall Offer	Nil
Total Performance Rights on issue on completion of the SPP Offer¹	18,400,000

Notes:

- This assumes no milestones for the existing performance rights are achieved.

3.5 Pro-forma balance sheet

The reviewed balance sheet as at 31 December 2022 and the pro-forma balance sheet as at 31 December 2022 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming the maximum number of Securities offered under this Prospectus are issued (i.e. \$2,685,728 is raised under the SPP), no existing Options are exercised and including expenses of the SPP Offer and Shortfall Offer.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted above. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	REVIEWED 31-Dec-22 \$	PROFORMA Maximum Raise \$
CURRENT ASSETS		
Cash	1,133,688	3,783,857
Other current assets	3,407,640	3,407,640
TOTAL CURRENT ASSETS	4,541,328	7,191,497
NON-CURRENT ASSETS		
Plant and equipment	6,958,823	6,958,823
Intangibles	3,743,049	3,743,049
TOTAL NON-CURRENT ASSETS	10,701,872	10,701,872

	REVIEWED 31-Dec-22 \$	PROFORMA Maximum Raise \$
TOTAL ASSETS	15,243,200	17,893,369
CURRENT LIABILITIES		
Creditors and borrowings	11,588,801	11,588,801
TOTAL CURRENT LIABILITIES	11,588,801	11,588,801
TOTAL LIABILITIES	6,542,056	6,542,056
NET ASSETS (LIABILITIES)	(18,130,858)	(15,480,689)
EQUITY		
Share capital	99,850,547	102,536,275
Options Reserve	(8,753,936)	(8,753,936)
Retained loss	(109,227,469)	(109,263,028)
TOTAL EQUITY	(18,130,858)	(15,480,689)

4. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

4.1 Rights and liabilities attaching to Shares

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either

pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

4.2 Terms and Conditions of the SPP Options

The terms and conditions of the SPP Options are as follows:

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.003 (**Exercise Price**).

(c) **Expiry Date**

The SPP Options will expire at 5:00pm (AWST) on 31 July 2026 (**Expiry Date**). An Option not exercised before the respective Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

5. RISK FACTORS

5.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this Section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

5.2 Company specific

In addition to the general market and economic risks noted in Section 5.4, investors should be aware of the risks specific to an investment in the Company. The major risks are described below.

(a) Potential for dilution

Assuming all Securities to be issued under this Prospectus are issued and no Options are exercised prior to the date of issue, the number of Shares will increase from 3,892,359,617 Shares currently on issue to 5,060,067,502 Shares. This means that each Share will represent a lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offers being implemented and the Directors do not make any representation as to such matters. The last trading price of Shares on ASX prior to the Prospectus being lodged of \$0.003 is not a reliable indicator as to the potential trading price of Shares after implementation of the Offers.

(b) Default Risk – Debt and Convertible Securities Agreement

As announced on 10 September 2020, the Company entered into a convertible securities agreement with Mercer, a United States based investment group (**2020 Convertible Securities Agreement**). Pursuant to the 2020 Convertible Securities Agreement, the Company was provided with funding of up to \$15,000,000 (**Mercer Facility**).

Under the 2020 Convertible Securities Agreement, a total of 6,325,000 convertible notes were issued in two tranches (representing drawdowns of A\$5,750,000) (**Convertible Notes**). The Company has obligations to either repay outstanding amounts owed by the Company, or issue Shares upon receipt of a conversion notice. As at the date of this Prospectus, a total of 4,225,000 Convertible Notes have been converted into Shares and the balance of 2,100,000 Convertible Notes remain on issue. As announced on 2 February 2023, the Company and Mercer agreed to

extend the maturity date of the 2,100,000 convertible notes on issue from 24 November 2022 to 1 February 2024.

As announced on 29 July 2022, the Company entered into an agreement with Mercer (**2022 Convertible Securities Agreement**), whereby Mercer conditionally agreed to provide the Company with up to a total of US\$10 million in funding. During the period from 4 August 2022 to 1 November 2022, the Company drew down an aggregate of US\$3,100,000 in exchange for the issue of 3,410,000 Convertible Notes. During the period from 28 December 2022 to 6 February 2023, the Company drew down an additional US\$1,133,120 in exchange for the issue of 1,246,432 Convertible Notes. On 9 March 2023 (prior to the general meeting of Shareholders), the Company drew down an additional US\$500,000 in exchange for the issue of 550,000 Convertible Notes.

The Company expects to be able to redeem the Convertible Notes or make interest payments in respect of the amounts advanced under the Convertible Notes using the proceeds from future debt or equity raisings, cash flows from operations or proceeds from the sale of assets. However, there is a risk that the Company may be unable to procure or raise sufficient cash resources from its operations, future debt or equity raisings. Should the Company default on its obligations under the convertible securities agreements, an event of default will occur. In these circumstances, if the Company is unable to raise sufficient funds or otherwise cure the default, Mercer will be able to seek immediate repayment of the debts due or enforce the security granted under the associated security document and sell some or all of the Company's assets.

(c) **Going Concern Risk**

The Company's annual report for the financial year ended 30 June 2022 (**Annual Report**) includes an emphasis of matter on the financial condition of the Company and the possible existence of a material uncertainty about the Company's ability to continue as a going concern.

Notwithstanding the 'going concern' paragraph included in the Annual Report, the Directors believe that the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short-term working capital requirements.

(d) **The Group's product portfolio is subject to further development and clinical trials which may not be completed or be successful**

While the Group's products, plant derived medicines CannEpiil®, Cimetra® and CogniCann™, are in clinical trials and are currently only available for prescription as Investigational Medicinal Product (IMP) under Name Patient Base, supplied in accordance with early patient access schemes, these and the other products in the Group's portfolio remain subject to further development, observational research and preclinical or clinical trials before they can be classified as licenced medicines.

The Group's lead product CannEpiil® MGC Pharma's Investigational Medicinal Product ("IMP") has a plant derived formulation, delivered by an oral mucosal solution and is part of the Company's clinical development programme for patients suffering from refractory epilepsy (also known as drug-resistant epilepsy). A safety study completed in

Australia showed that CannEpi® was safe for post-treatment driving activities. In 2019, CannEpi® was made available for distribution and prescription in Ireland under full governmental health insurance coverage, making it available in the Republic of Ireland under the Long-Term Illness and General Medical Services schemes.

CannEpi® is now available in the United Kingdom by Named Patient Request to be prescribed by doctors on The General Medical Council ("GMC") specialist register across the UK. The products will be supplied in order to meet the needs of individual patients where an unmet medical need exists. The availability via Named Patient Request follows the announcement that MGC Pharma is providing CannEpi® to an observational trial supported by the 'I am Billy Foundation'.

As announced on 31 May 2023, CannEpi®, MGC Pharma's Investigational Medicinal Product ("IMP") has now been successfully imported and received by its first patients in the United Kingdom. The first UK patient has received CannEpi® through the 'I AM Billy Foundation', supporting the RESCAS study. Additionally, the Company has delivered CannEpi® to its first patient in the UK via the Named Patient Request programme.

CannEpi® is in the process of a clinical development programme for patients suffering from refractory (or drug-resistant) epilepsy.

CimetrA™ Pre-clinical In-vitro Method of Action Study

Preliminary results from a pre-clinical in-vitro study have indicated that MGC Pharma's proprietary product, CimetrA™ has a wide-ranging application as an anti-inflammatory treatment, through the modulation of the production of pro-inflammatory cytokines.

The study undertaken by Israeli contract research organisation Science in Action built on previous studies commissioned by MGC Pharma, and examined the mechanism of CimetrA™'s anti-inflammatory effect in Human Peripheral Blood Mononuclear Cells (PCBC). The study has found that CimetrA™ moderates the body's release of pro-inflammatory cytokines by effecting their gene expression and transcription factors. Specifically, the preliminary results of the study have demonstrated the effective blocking of the mRNA expression of IL-32, the pro-inflammatory cytokine.

Previous clinical trials had indicated that CimetrA™ is effective in inhibiting a cytokine storm, which is seen as a sudden increase in different pro-inflammatory cytokines, including IL-1, IL-6 and TNF- α , associated with COVID-19, and was able to treat symptoms of both mild and severe cases of the disease. Following this successful study, MGC Pharma plans to further explore aspects of CimetrA™'s profile and mechanism of action and begin planning the next phases of its clinical development.

CogniCann® Phase II Clinical Trial

The 18 week, double-blind cross-over Clinical Trial with 22 Australian patients, was undertaken in conjunction with the University of Notre Dame in Western Australia and involved eligible patients commencing a six-week treatment course with CogniCann®, before switching (crossing over) to a six-week course of placebo, with a two-week 'washout' period between the two arms. The study's objectives were to assess the safety

and efficacy of CogniCann®, including the assessment of the behavioural benefits of CogniCann® on dementia patients measured using several evaluation tools including a Neuropsychiatric Inventory - Nursing homes (NPI-NH) Questionnaire and a Cohen-Mansfield Agitation inventory Questionnaire.

The study results demonstrated that there was no difference in the safety profile between the CogniCann® and placebo groups, indicating that CogniCann® was safe to use by patients with dementia. Furthermore, the results showed that after 44 days, patients in the placebo group experienced a deterioration in their condition, based on their NPI-NH score, compared with the stable neuropsychiatric profile of those patients treated with CogniCann®, indicating that the early-stage use of CogniCann® may be beneficial in the treatment of dementia patients. Although the Group is seeking to further develop its portfolio of products and progress each through the phases of clinical trial testing to improve or confirm safety and efficacy, there can be no assurance that any of the Group's products will complete any of the clinical trials successfully. Clinical trials have a high risk of failure and negative advanced clinical trial results can occur even after promising results in earlier trials. Further, post-clinical marketing studies for the Group's products may be required and there can be no guarantee that such studies will corroborate the results of earlier trials. Further, the Group has not undertaken clinical trials on any pharmaceutical products or plant derived medicines before and as such does not have an established record of developing and producing pharmaceutical products and bringing them to market. However, the current management and advisory team have experience in clinical studies, and in bringing products to registration under Food and Drug Administration.

Further, research and development and clinical trials are expensive, time consuming and difficult to design and implement. Even if the results of the Group's research and development activities and clinical trials are favourable, some product development activities may be expected to continue for several years and may take significantly longer to complete. In addition, regulatory authorities may suspend, delay or terminate research and development activities or clinical trials at any time.

Any of the foregoing could have a material adverse effect on the Group's business, results of operations and financial condition.

- (e) **The operations of the members of the Group are subject to each meeting the legal and regulatory requirements specific to each jurisdiction in which they conduct business, which may be new and evolving, or subject to change**

The Group's ability to research, develop and commercialise its products is dependent upon its ability (and certain third-party service providers such as distributors and research organisations) to comply with local laws and regulations in each jurisdiction in which it operates, and to obtain and maintain licenses and permits in respect of each relevant activity. Controlled substance legislation differs between countries and legislation in certain countries remains new and evolving and could restrict or limit the Group's ability to develop and sell its products over time.

The global framework, as it relates to drugs, is derived from the Narcotics Conventions. Most countries, including Australia, Slovenia, Malta and the United Kingdom, are parties to the Narcotic Conventions, which govern

international trade and domestic control of narcotic substances, including cannabis extracts; however countries may interpret and implement their treaty obligations in a way that creates legal or regulatory obstacles to operations, or which result in the Group being required to meet the requirements of conflicting or incompatible laws or regulations across the different jurisdictions in which the members of the group conduct business.

(f) **The pricing strategy adopted for the Group's products may prove to be inaccurate**

The Directors believe that the pricing strategy adopted for the sale of CannEpil®, Cimetra® and CogniCann™ reflects the current potential market for each product, by reference to other products or therapies currently available on the market; however, such strategy and pricing, may prove to be inaccurate or may require amendment. Any significant changes to the proposed pricing of the Group's products either now, or throughout the product development process, may adversely affect the financial condition or profitability of the Group.

(g) **The Group's products may not ever be covered by insurance or reimbursement schemes**

Government authorities and third-party payers, such as private health insurers, decide which pharmaceutical products they will cover and the amount of reimbursement. Reimbursement may depend upon a number of factors, including the payer's determination that use of a product is safe, effective and medically necessary, appropriate for the specific patient and cost effective.

Obtaining coverage and reimbursement approval for a product from a Government, or other third-party payer, is a time consuming and costly process that could require the Group to provide supporting scientific, clinical and cost-effectiveness data for the use of its products.

(h) **The Group does not have its own distribution operations and is reliant on contractual arrangements with third parties**

The Group does not have its own distribution capability and at present, relies on partnerships with pharmaceutical distributors and logistics providers in key territories to facilitate the import and distribution of its products.

For example, the Company has signed a distribution agreement with Sciensus Rare, a part of UK health care group, Sciensus, for the distribution of CannEpil® and CogniCann® in key European territories and the UK. In each jurisdiction, the Group's products are imported by appointed distributors who hold the required controlled substance licences and distribution capability.

The ability of the Group to distribute its products may be severely and adversely affected, delayed or unable to continue at all. Delays in the distribution of the Group's products may arise due to operational issues or delays affecting or arising from the distribution partners, which are outside the control of the Group such as any of them losing or failing to maintain requisite licences and approvals.

(i) **The Group's intellectual property protection may be limited**

The Company is actively trademarking both its brands and ingredients of the Group's product suites and has filed for trademarks in both the EU and Australia, for CannEpil®, Cimetra®, CogniCann™, TopiCann™, CannEkiD and CannaHub™ (the Group's collaboration with RMIT and HUJI). The Group has two patent protections of its products, CimetrA and CannEpil IL. Nevertheless, the patents may be infringed by other companies around the world without the Company's knowledge.

(j) **The Group may not be able to prevent disclosure of its trade secrets, know-how or other proprietary information**

The Group relies on trade secret protection to protect its interests in proprietary know-how and in processes for which patents are difficult to obtain or enforce.

The Group's employees, consultants, contract personnel or third-party partners, either accidentally or through wilful misconduct, may cause serious damage to its development programmes or clinical trials and/or its strategy by disclosing confidential information to third parties. It is also possible that confidential information could be obtained by third parties as a result of breaches of the Group's physical or electronic security systems. Any disclosure of confidential information into the public domain, or to third parties, could allow the third parties to access confidential information and use it in competition with the Group. In addition, others may independently discover the confidential information of the Group.

Should these events arise, the financial position or prospects of the Group may be materially and adversely affected.

(k) **Claims alleging infringement of a third party's intellectual property could result in significant losses and expenses to the Group and the loss of rights**

The value of any intellectual property owned by the Group depends, in part, on how successfully it can defend against claims that the Group is infringing the intellectual property rights of third parties. The Group could potentially receive notice that it is infringing the intellectual property of a third party. In addition, the validity of intellectual property rights (such as patents) may become subject to claims and/or challenges by third parties. Litigation proceedings in relation to intellectual property rights is a risk in many pharmaceutical businesses and, from time to time, competitors and other third parties may seek to assert the right to restrict the use of patent, copyright, trademark or other intellectual property rights relating to products. Intellectual property litigation can be expensive, complex and lengthy and its outcome is frequently difficult to predict. If the Group were to receive an infringement claim, the claim could consume significant time, financial and other resources of the Group, irrespective of its merits, and this might result in key technical and management personnel diverting attention and focus away from their normal duties and operations. If the Group were unsuccessful in defending an intellectual property infringement claim, it may have to pay substantial damages and/or legal costs to the successful third party and/or may have to cease the development, manufacture, use or sale of infringing technologies, products or processes, and/or expend significant resources to develop or acquire the right to use non-infringing technology (including by way of a licence). This may materially affect the

ability of the Group to exploit its intellectual property and may result in a loss of value of the Group. Any such events could have a material and adverse effect on the business, financial condition and/or prospects of the Group.

(l) **Foreign exchange risks**

The Company and its Australian operating subsidiary, MGC Research (Aus) Pty Ltd, are incorporated and registered in Australia, the other members of the Group operate in numerous jurisdictions, including the United Kingdom, Slovenia and Malta. Consequently, the Group may generate revenue and incurs costs and expenses in more than one currency, predominately the Euro. Accordingly, the depreciation and/or the appreciation of the Euro, for example, relative to the Australian Dollar would result in a foreign currency loss/gain. Any depreciation of the Euro, relative to the Australian Dollar may result in lower than anticipated revenue, profit and earnings of the Company.

(m) **The Group's research and development programme is heavily reliant on collaborations with third parties**

The Group has an ambitious research and development agenda. Research and development projects include preclinical, clinical, botanical and product development, focused at the intersection of plant-derived medicines and the pharmaceutical industry.

While the Group has its own management team and clinical advisory team, which carries out product specific research and development at the Group's facility in Slovenia, the majority of its research and development activities are undertaken through research collaborations with third parties, research institutes or universities.

In Slovenia, the Group has partnered with the National Institute of Biology for preclinical in-vitro research to develop cannabinoid formulations to define the protocols for clinical trials for the treatment of high-grade brain tumours, i.e. glioblastoma the most recent results of which were announced on 2 April 2020.

In Australia, MGC Research (Aus) Pty Ltd (a wholly owned subsidiary of the Company) has entered into a collaboration and relationship agreement with the Royal Melbourne Institute of Technology (**RMIT**), which allows it access to RMIT's facilities and researchers, dedicated to cannabinoid research, with the Group having first rights to any cannabinoid products developed. The Company has also the CannEpi® Driving Study in collaboration with Swinburne University and Cannabis Access Clinics and Epilepsy Action Australia study comparing CannEpi® to 100% CBD as announced.

In addition, the Group, along with RMIT and the Hebrew University of Jerusalem, have established a research hub to facilitate research in the medicinal cannabis sector, CannaHub™. The collaboration grants the Group with the first right to review and commercialise any innovative developments generated from the hub.

These research and development collaborations allow the Group to take advantage of the local skills, expertise, facilities and access to clinical results/data in the phytocannabinoid industry, access to various patient

populations, as well as increasing the profile of the Group, allowing it early access to innovation and developments in the industry.

In the event that any or all of these collaborative arrangements were suspended or terminated, either by any or all of the third parties or the Group, the Group may have its access to research information or facilities delayed or withdrawn which could result in product research and development or clinical trials being delayed or suspended indefinitely, possibly at critical phases. Further, while these collaborative arrangements allow the Group first rights to the commercialisation of intellectual property or allow it to be developed jointly, in the event that these rights are disputed the ability of the Group to further advance its current products or develop new products may be delayed, come to an end, or may require additional resources. Any or all of these events occurring could have a material adverse effect on the financial condition, operations or prospects of the Group.

(n) **There is a limited pool of individuals with developed skills in the medicinal industry**

The development and production of plant-derived medicines is a new and evolving industry. The Group is one of only a few companies globally manufacturing plant-derived medicines to GMP certified pharmaceutical grade. There is a limited number of individuals with an understanding of the industry, the regulatory framework or products and their development. The Group may face significant delays or competition in recruiting or locating individuals with the necessary skills or attributes to successfully integrate into the business in a way which promotes its future development and implementation of the strategy. As the Group expands its operations it may need to recruit personnel either from other medicinal companies, or other industry sectors, which may take time, either to source acceptable candidates, or to have them commencing working in the business. Given the limited number of individuals who may be available to the Group at any given time, there may be significant delays in recruitment, which could have a material effect on continuing or expanding operations of the business which could in turn have a material and adverse effect on the financial condition or operation of the Group.

(o) **The Company and its subsidiaries have a limited operational history in a new competitive and evolving sector**

The Company has been operating its current business since 2016. While its Directors, employees and Clinical Advisory Team have significant experience in the industry, the Company and the Group as a whole has a limited operational history and it has not, as yet, completed clinical trials on plant-derived medicines, or taken a pharmaceutical product through to CMA. Given this limited operational history, there is inherent uncertainty in relation to the Group's business. There can be no guarantee that the Group's business model or research and development initiatives will be successful, or even if they are successful, able to generate the revenue which is anticipated.

The Company expects this strategic collaborating to continue. Acquisitions or other consolidating transactions could harm the Group by it losing strategic relationships, if third parties with whom it has arrangements (such as distribution or research and development) are acquired by or enter into relationships with a competitor (which could cause the Group to lose access to distribution, content, technology and

other resources), or the Group's current competitors could become stronger, or competitors could merge or amalgamate, forming much larger and experienced organisations. Any of these events could put the Group at a competitive disadvantage, which could cause it to lose research and development facilities or access to technology.

5.3 Industry specific risks

(a) **The Group may be subject to product liability claims or regulatory action**

As a manufacturer of a range of plant-derived medicines designed to be applied or ingested by humans, the Group faces an inherent risk of exposure to product liability claims or regulatory action.

Such claims or regulatory actions may arise if the Group's products are alleged to have caused illness, or injury. This may be either as a result of the product research, development and manufacture process, tampering of products by unauthorised third parties, product contamination, or adverse reactions resulting from human consumption of plant-derived medicines, either alone or in combination with other medication or substances. As a result of any or all of these circumstances, the Group may be subject to product liability claims, which could be expensive to defend or result in settlement payments or judgments against it. In addition, regulatory authorities may interrupt, delay or halt product research, development and/or manufacture and the Group may be required to make material changes to the development or manufacture of products. A product liability claim, or regulatory action, could also materially and adversely affect the reputation of the Group with its suppliers, distributors and consumers. Should any or all of these circumstances materialise the financial position, prospects and future operations of the Group could be materially and adversely affected.

(b) **Cannabis based medicinal products may not be widely adopted or prescribed, or may be subject to significant competition from competing products, treatments or therapies**

Plant-derived medicines as a treatment for neurological disorders, cancer, cancer treatment side effects, autoimmune disorders or chronic pain have not as yet been fully or widely accepted or adopted by the medical community, patients or the general public. The products of the Group face competition from synthetic cannabis products, established and developed pharmaceutical products or treatments, non-medicinal cannabidiol (CBD) products sold as wellness products or supplements, or in jurisdictions where it is legal, the use of cannabis with moderate to high THC, used recreationally to self-medicate symptoms or conditions. These alternative treatments for which the Group's products seek to treat, either those which are established or emerging, could render the Group's products obsolete and/or otherwise uncompetitive.

Notwithstanding the technical merits of a product, there can be no assurance as yet that the Group's plant-derived medicines will be adopted as a standard means of medical practice or that the medical

procedures at which the Group's products are targeted will gain wider market acceptance.

5.4 General risks

(a) Sufficiency of funding

The Group's "Nature to Medicine" business strategy will require substantial expenditure and the Company's existing cash reserves and funds generated over time by the Company's business will not be sufficient to successfully achieve all the objectives of the Company's business strategy. Further funding of projects will be required by the Company to support the ongoing activities and operations of the Group, including the need to conduct further research and development, enhance its operating infrastructure and to acquire complementary businesses and technologies.

Accordingly, the Company is likely to need to engage in equity or debt financing to secure additional funds. The amount required (if any) and associated timing of this requirement for funds will be affected by the amount raised under this Offer. If the Company is unable to use debt or equity to fund expansion after utilising existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

Any additional equity financing will be dilutive to the Company's existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy. If the Company is unable to raise capital if and when needed, this could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(b) Market Conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology related stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Economic and government risks**

The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the medical and cosmetics industry including, but not limited to, the following:

- (i) general economic conditions in jurisdictions in which the Company operates;
- (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
- (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the bio-medical sector;
- (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
- (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

(d) **Ukraine Conflict**

The current evolving conflict between Ukraine and Russia (**Ukraine Conflict**) is impacting global economic markets. The nature and extent of the effect of the Ukraine Conflict on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the Ukraine Conflict.

The Directors are continuing to closely monitor the potential secondary and tertiary macroeconomic impacts of the unfolding events, including the changing pricing of commodity and energy markets and the potential of cyber activity impacting governments and businesses. Further, any governmental or industry measures taken in response to the Ukraine Conflict, including limitations on travel and changes to import/export restrictions and arrangements involving Russia, may adversely impact the Company's operations and are likely to be beyond the control of the Company. The Company is monitoring the situation closely and considers the impact of the Ukraine Conflict on the Company's business and financial performance to, at this stage, be limited. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

5.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

6. ADDITIONAL INFORMATION

6.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

6.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company or an ASIC office during normal office hours.

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below:

Date	Description of Announcement
02/08/2023	Company Update
01/08/2023	Proposed issue of securities - MXC
01/08/2023	MGC Pharma Launches Share Purchase Plan
31/07/2023	MGC receives permission for first import of Psilocybin
28/07/2023	Resignation of Joint Company Secretary
28/07/2023	Quarterly Activities/Appendix 4C Cash Flow Report
21/07/2023	Clarification Announcement
19/07/2023	Change in substantial holding
14/07/2023	s708A(5)(e) Cleansing Notice
14/07/2023	Notification regarding unquoted securities - MXC
14/07/2023	Application for quotation of securities - MXC
14/07/2023	Update - Proposed issue of securities - MXC
14/07/2023	Proposed issue of securities - MXC
14/07/2023	Proposed issue of securities - MXC
14/07/2023	Commitments Received for GBP 0.7m
12/07/2023	Clarification Announcement
7/07/2023	AMC Places Second Order of ArtemiC for US\$1M
3/07/2023	MGC Welcomes Reclassification of Psychedelic Compounds
30/06/2023	Details of Company Address
30/06/2023	Company Update
29/06/2023	Results of Meeting
21/06/2023	s708A(5)(e) Cleansing Notice

Date	Description of Announcement
21/06/2023	Application for quotation of securities - MXC
1/06/2023	Final Director's Interest Notice x 2
1/06/2023	Initial Director's Interest Notice
1/06/2023	Appointment of Non-Executive Director
31/05/2023	First CannEpil Delivered to UK Patients
30/05/2023	Corporate Update - Board and UK Adviser Changes
30/05/2023	Notice of General Meeting/Proxy Form
30/05/2023	Distribution of General Meeting Documents - Notice of Access
5/05/2023	Change in Director's Interests x 5
5/05/2023	s708A(5)(e) Cleansing Notice
5/05/2023	Application for quotation of securities - MXC
5/05/2023	Application for quotation of securities - MXC
5/05/2023	Notification regarding unquoted securities - MXC
5/05/2023	Notification of cessation of securities - MXC
2/05/2023	Malta Production Facility Receives EU-GMP Approval
28/04/2023	Quarterly Activities/Appendix 4C Cash Flow Report
20/04/2023	s708A(5)(e) Cleansing Notice
20/04/2023	Notification regarding unquoted securities - MXC
20/04/2023	Application for quotation of securities - MXC
18/04/2023	Becoming a substantial holder
14/04/2023	s708A(5)(e) Cleansing Notice
14/04/2023	Application for quotation of securities - MXC
13/04/2023	Proposed issue of securities - MXC
13/04/2023	Proposed issue of securities - MXC
13/04/2023	Fundraise closed raising up to a total of GBP 2.09m
11/04/2023	CannEpil now available by Named Patient Request in UK
11/04/2023	MGC Pharma Investor Presentation April 2023
11/04/2023	Funding Commitments Received for GBP 1.8m
11/04/2023	Trading Halt
3/04/2023	MGC Receive Permission for Psilocybin Research & Development
3/04/2023	Notification of cessation of securities - MXC
30/03/2023	Results of Meeting
21/03/2023	ArtemiC Listed as OTC Drug in USA, AMC Places US\$2m Order

Date	Description of Announcement
15/03/2023	First patient enrolled in MGC ZAM App CannEpiL Trial
9/03/2023	Notification regarding unquoted securities - MXC
8/03/2023	Provision of US\$500,000 Funding
8/03/2023	s708A(12C)(e) Cleansing Notice
8/03/2023	Proposed issue of securities - MXC
7/03/2023	Completion of CimetrA Mechanism of Action study
1/03/2023	Appointment of UK Lead Broker Change of Company Secretary
28/02/2023	s708A(5)(e) Cleansing Notice
28/02/2023	Application for quotation of securities - MXC
28/02/2023	Half Year Accounts
28/02/2023	Notice of General Meeting/Proxy Form
28/02/2023	Distribution of General Meeting Documents - Notice of Access
10/02/2023	Investor Presentation
6/02/2023	Notification regarding unquoted securities - MXC
3/02/2023	Provision of US\$600,000 Funding and change of CFO
2/02/2023	s708A(12C)(e) Cleansing Notice
2/02/2023	Proposed issue of securities - MXC
2/02/2023	Proposed issue of securities - MXC
2/02/2023	Refinancing and Extension to Convertible Security Agreements
30/01/2023	Quarterly Activities/Appendix 4C Cash Flow Report
11/01/2023	Change of External Financial Auditor
10/01/2023	Results of CimetrA bioanalytics pre-clinal trial
3/01/2023	Final Director's Interest Notice
3/01/2023	Internal Costs Review Completed and Board Change
29/12/2022	Notification regarding unquoted securities - MXC
23/12/2022	Proposed issue of securities - MXC
23/12/2022	s708A(12)(e) Cleansing Notice
23/12/2022	\$800,000 of funding received through Mercer Facility
7/12/2022	Completion of CimetrA Efficacy Pre-clinical Trial
5/12/2022	US\$1,000,000 ArtemiC order delivered to US partner, AMC
2/12/2022	Publication of Peer Reviewed Glioblastoma Research
25/11/2022	Results of Meeting
25/11/2022	Investor Presentation
17/11/2022	AGM Webcast Registration Instructions

Date	Description of Announcement
1/11/2022	s708A(5)(e) Cleansing Notice
1/11/2022	Application for quotation of securities - MXC
1/11/2022	Application for quotation of securities - MXC
1/11/2022	Notification regarding unquoted securities - MXC
1/11/2022	s708A(12C)(e) Cleansing Notice
31/10/2022	Quarterly Activities/Appendix 4C Cash Flow Report
28/10/2022	Proposed issue of securities - MXC
25/10/2022	Dispatch of 2022 Annual General Meeting documents
25/10/2022	Long COVID study Results
24/10/2022	Trading Halt
24/10/2022	Pause in Trading
20/10/2022	Operations Update

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website (www.mgcpharma.co.uk).

6.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent dates of those sales were:

	Price	Date
Highest	\$0.009	5 May 2023 and 8 – 11 May 2023
Lowest	\$0.002	17 July 2023, 20 – 21 July 2023 and 24 – 28 July 2023
Last	\$0.003	2 August 2023

6.4 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, the following persons (together with their associates) have a relevant interest in 5% or more of the Shares on issue in the Company:

Shareholder	Shares	%
Premier Fund Managers Ltd ¹	383,885,951	9.86

Notes:

1. This party may participate in the SPP Offer up to an amount of \$30,000.

The Company confirms that no other existing Shareholder will increase its Shareholding to above 19.9% as a result of the SPP Offer.

6.5 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers pursuant to this Prospectus; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce them to become, or to qualify them as, a Director or otherwise for services rendered by them or by the firm in connection with the formation or promotion of the Company or the Offers.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus and following completion of the Offers is set out in the table below.

Date of this Prospectus

Director	Shares ¹	Options	Performance Rights
Roby Zomer	33,819,673	Nil	4,900,000
Stephen Parker	1,993,427	Nil	Nil
Ross Walker	4,970,370	Nil	Nil
Layton Mills	Nil	Nil	Nil

Completion of the Offers

Director	Shares ¹	Options	Performance Rights
Roby Zomer ²	46,863,151	6,521,739	4,900,000
Stephen Parker	1,993,427	Nil	Nil
Ross Walker	4,970,370	Nil	Nil
Layton Mills	Nil	Nil	Nil

Notes:

1. Fully paid ordinary shares in the capital of the Company (ASX: MXC).

2. Mr Zomer intends to participate in the SPP Offer to the amount of \$30,000 and on that basis will be issued 13,043,478 Shares and 6,521,739 SPP Options (subject to Shareholder approval).

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director	Proposed Remuneration for Current Financial Year (30 June 2024) ²	Remuneration for Previous Financial Year (30 June 2023)	Remuneration for Previous Financial Year (30 June 2022)
Roby Zomer	\$334,330	\$368,331	\$629,362
Stephen Parker	\$48,000	\$54,000	\$78,832
Ross Walker	\$48,000	\$48,000	\$56,375
Layton Mills ¹	\$48,000	\$4,000	Nil

Notes:

1. Mr Layton Mills was appointed as a non-executive director of the Company on 1 June 2023.
2. All directors fees comprise salary and fees only.

6.6 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (f) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offers.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$60,385.00 (excluding GST and disbursements) for legal services provided to the Company.

6.7 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

6.8 Estimated expenses of SPP Offer

The total expenses of the SPP Offer is estimated to be approximately \$36,140 as follows:

Expense	(\$)
ASIC Fees	3,206
ASX Fees	10,934
Legal Fees	15,000
Miscellaneous, printing and other expenses	7,000
Total	36,140

6.9 Electronic Prospectus

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on +61 (0) 8 6555 2950 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or Prospectus or any of those documents were incomplete or altered.

6.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

6.11 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988 (Cth)* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

7. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

8. DEFINITIONS

\$ means Australian dollars.

Application Form means the application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHESS.

AWST means Australian Western Standard Time as observed in Perth, Western Australia.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Closing Date means the date specified in the timetable in Section 1.1 of this Prospectus (unless extended or brought forward).

Company means MGC Pharmaceuticals Ltd (ACN 116 800 269).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Eligible Shareholders are Shareholders with a registered address in Australia who were registered holders of Shares on the Record Date.

General Meeting or Meeting means the upcoming general meeting of Shareholders of the Company to be held on or about 5 September 2023.

Group means the Company and its subsidiaries.

Offers means the SPP Offer and the Shortfall Offer.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offers as specified in the timetable set out in Section 1.1 of this Prospectus (unless varied).

Option means an option to acquire a Share.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out in Section 1.1.

Section means a section of this Prospectus.

Securities means Shares and/or Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Shortfall Offer has the meaning given to that term on the cover page of this Prospectus.

SPP means the Company's security purchase plan, whereby the Company has offered Eligible Shareholder an opportunity to subscribe for Shares up to the value of \$30,000 at an issue price of \$0.0023 per Share to raise up to \$2,685,728.

SPP Options means the Options to be offered to Eligible Shareholders who subscribe for Shares under the SPP, with an exercise price of \$0.003 each, expiring on the date that is three years from the date of issue.



MXC
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

X 9999999991 I N D

Entitlement No: 12345678

CLOSING DATE:
**Your payment must be received
by 5:00pm (AWST) Friday, 18
August 2023**

Share Purchase Plan Application Form

This is an important document that requires your immediate attention.

It can only be used in relation to the shareholding represented by the details above. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

By making payment you agree to be bound by the Constitution of MGC Pharmaceuticals Ltd and that the submission of this payment constitutes an irrevocable offer by you to subscribe for MGC Pharmaceuticals Ltd shares on the terms of the Share Purchase Plan (SPP).

In addition, by making payment you certify that:

- You are not applying for New Shares with an application price of more than \$30,000 under the Offer (including by instructing a Custodian to acquire New Shares on your behalf under the Offer); and
- The total of the application price does not exceed \$30,000 in relation to:
 - the New Shares that are the subject of this application; and
 - any other Shares issued to you under the Offer or any similar arrangement in the 12 months before the application (excluding Shares applied for but not issued).

MGC Pharmaceuticals Ltd may make determinations in any manner it thinks fit, in relation to any difficulties which may arise in connection with the SPP whether generally or in relation to any participant or application.

Any determinations by MGC Pharmaceuticals Ltd will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates. MGC Pharmaceuticals Ltd reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions or to suspend or terminate the SPP at any time. Any such amendment, suspension or termination will be binding on all Eligible Shareholders even where MGC Pharmaceuticals Ltd does not notify you of that event.

Registration Name & Offer Details

Details of the shareholding and the Offer are shown above.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESSE sponsored holding, please contact your Controlling Participant to notify a change of address.

BPAY

Make your payment via BPAY® either online or by phone with your bank using the payment details above. If you are unable to pay via BPAY, please call the Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) to obtain alternative payment instructions.

Neither Computershare Investor Services Pty Limited (CIS) nor MGC Pharmaceuticals Ltd accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by the closing date. Eligible Shareholders should use the customer reference number shown on this Application Form when making a BPAY payment.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuer (the **issuer**), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at www.computershare.com/au/privacy-policies.

Make Your Payment:

Note that new shares at an issue price of \$0.0023 per share may be purchased in parcel values of \$1,000, \$2,500, \$5,000, \$7,500, \$10,000, \$15,000, \$20,000 or \$30,000. Note that the amount chosen may be subject to scale back in accordance with the terms of the SPP.



Billers Code: 401885
Ref No: 1234 5678 9123 4567 89

Offer Details:

Minimum value available to purchase: **\$1,000**
Maximum value available to purchase: **\$30,000**

Record Date:

**5:00pm (AWST) Monday, 31
July 2023**