

17 March 2017
ASX Code: MXC

Placement of \$10m Closed Significantly Oversubscribed

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- MGC Pharmaceuticals (ASX:MXC) has closed its placement significantly oversubscribed
- Corner stoned by the Merchant Opportunities Fund, the Company has received firm commitments from sophisticated and professional investors to raise up to \$10m before costs, via the issue of 153,846,154 ordinary shares at \$0.065 each
- Placement is being managed by Merchant Corporate Advisory Pty Ltd
- Placement led by new institutional and strategic high net worth investors coming onto the register from Australia, Asia and North America
- Funds will be used to fast-track the commercialisation of the Company's growth objectives, including the research and development of pharmaceutical-grade products
- Following the Placement, MGC Pharmaceuticals is well-funded for the significant growth phase of the company with in excess of \$13.5m cash at bank

MGC Pharmaceuticals Ltd (ASX: MXC or "the Company") is pleased to advise the Company has closed its placement significantly oversubscribed. It has received firm commitments from institutional and sophisticated investors from Asia, Australia and North America, to raise up to \$10,000,000 before costs through the issue of up to 153,846,154 ordinary shares at \$0.065 each (**Placement**). The Placement was restricted to s708 exempt professional and sophisticated investors only. The Lead Manager of the Placement is Merchant Corporate Advisory Pty Ltd (**Merchant**).

The funds raised through the Placement will be used to fast-track the Company's commercialisation and growth objectives. In particular, the funds will be used for clinical studies and the research and development of pharmaceutical-grade medical cannabis products that can be sold into medical markets in Europe, the US and Australia.

In addition, the funds will be used to expand sales of the Company's cosmetics and dermatological product ranges. The Company is also aggressively assessing acquisition opportunities in the Australian and international medicinal cannabis sector.

The offer price of \$0.065 per share represents a 25.29% discount to the last traded price (\$0.087) on 14 March 2017, a 21.50% discount to the 5-day volume weighted average price (VWAP) and a 10.15% discount to the 20-day VWAP.

The Placement shares will be listed on the ASX and will rank pari-passu with existing fully paid ordinary shares. Allotment of these securities is expected to occur in the coming week once all Placement funds are cleared in the Company's bank account.

Nativ Segev, Co-founder and Managing Director, MGC Pharmaceuticals commented:

“To receive commitments well in excess of \$10m is a substantial validation of, not only our Company, but also of the enormous potential of medical cannabis globally. These funds will allow us to fast-track the research, development and commercialisation of our own pharmaceutical-grade products which could potentially treat a variety of indications.”

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For further information, please contact:

Media Enquiries

Ben Grubb
Account Director
Media and Capital Partners
+61 414 197 508
ben.grubb@mcpartners.com.au

MGC Pharmaceuticals Ltd

Brett Mitchell
Executive Chairman
+61 8 9389 2000
info@mgcpharma.com.au

About MXC

MGC Pharmaceuticals Ltd (ASX: MXC) is an EU based specialist medical cannabis company with many years of technical and commercial experience in the medical cannabis industry. The Company's founders were key figures in the Israeli medical cannabis industry and the core business strategy is to develop and supply high quality non-psychoactive cannabidiol (CBD) resin extract for the growing demand in cosmetics and medical markets in Europe, North America and Australasia. The Company is also developing strategic joint ventures in these key value-add industries, as demonstrated with MGC Derma CBD cosmetics.