23 March 2018

ASX Code: MXC

ASX RELEASE

Exercise of 6.5c Listed Options and Issue of Unlisted Options

MGC Pharmaceuticals Ltd (**Company**) confirms the Company has today issued a total of 37,879 Ordinary Shares following the exercise of 6.5c listed options (ASX: MXCOD) by optionholders who are unrelated parties. The Company has received funds from the respective optionholders totalling $2,463.00 for the exercise of these MXCOD options.

The Board of MGC Pharmaceuticals Ltd (**Company**) also confirms that following shareholder approval of the Company Employee Incentive Option Plan at the Annual General Meeting held on 22nd November 2017, the Company is today issuing 500,000 unlisted options exercisable at $0.125 each with an expiry of 31 March 2021.

An Appendix 3B is attached to this announcement for the exercise of the Listed Options and the issue of the Unlisted Options.

--Ends--

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Appendix 3B

New issue announcement,
application for quotation of additional securities
and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

MGC Pharmaceuticals Ltd

ABN

30 116 800 269

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	a) b)	Fully paid ordinary shares Unlisted Options
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	a) b)	37,879 500,000
3	Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	a) b)	Fully paid ordinary shares Exercisable at $0.125 each, expiring 31 March 2021 Subject to various vesting conditions
4	Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? If the additional +securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	a) b)	Yes – fully paid ordinary shares Any shares issued upon exercise/conversion of the unlisted options will rank equally with existing fully paid ordinary shares
5	Issue price or consideration	a) b)	$2,463 (6.5c each) Nil

6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	a) The fully paid ordinary shares are issued following the exercise of options. b) Incentive options issued to employees, as approved by shareholders at the Company's AGM on 22 November 2017.
6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h *in relation to the +securities the subject of this Appendix 3B*, and comply with section 6i	Yes
6b	The date the security holder resolution under rule 7.1A was passed	22 November 2017
6c	Number of +securities issued without security holder approval under rule 7.1	Nil
6d	Number of +securities issued with security holder approval under rule 7.1A	Nil
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil
6f	Number of +securities issued under an exception in rule 7.2	a) 37,879 b) 500,000 unlisted options issued under Employee Option Plan (exception 9 in rule 7.2)
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	169,695,773 under rule 7.1 113,130,515 under rule 7.1A
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	23 March 2018

Number	+Class
1,118,305,159	Ordinary shares
13,000,000	VHL shares
91,382,770	Listed Options exercisable at $0.065 expiring 30/06/19

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

Number	+Class
100,000,000	Performance shares
10,000,000	Performance rights – Board (vested unexercised)
4,148,000	Performance Rights – Employees
20,500,000	Unlisted Options ($0.125, 31 March 2021) • Subject to vesting conditions

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

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

The company does not have a dividend policy.

Part 2 - Pro rata issue

11   Is security holder approval required?

N/A

12   Is the issue renounceable or non-renounceable?

N/A

13   Ratio in which the +securities will be offered

N/A

14   +Class of +securities to which the offer relates

N/A

15   +Record date to determine entitlements

N/A

16   Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

N/A

17   Policy for deciding entitlements in relation to fractions

N/A

18   Names of countries in which the entity has security holders who will not be sent new offer documents

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7.

N/A

19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements *in full* through a broker?	N/A
31	How do security holders sell *part* of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Issue date	N/A

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34   Type of $^+$securities
      (*tick one*)

(a)   ☒ $^+$Securities described in Part 1

(b)   ☐   All other $^+$securities

              Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35   ☐   If the $^+$securities are $^+$equity securities, the names of the 20 largest holders of the additional $^+$securities, and the number and percentage of additional $^+$securities held by those holders

36   ☐   If the $^+$securities are $^+$equity securities, a distribution schedule of the additional $^+$securities setting out the number of holders in the categories
              1 - 1,000
              1,001 - 5,000
              5,001 - 10,000
              10,001 - 100,000
              100,001 and over

37   ☐   A copy of any trust deed for the additional $^+$securities

Entities that have ticked box 34(b)

38	Number of ⁺securities for which ⁺quotation is sought	N/A

39	⁺Class of ⁺securities for which quotation is sought	N/A

40	Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?
	
	If the additional ⁺securities do not rank equally, please state:
	  1. the date from which they do
	  2. the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
	  3. the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment
		N/A

41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another ⁺security, clearly identify that other ⁺security)	N/A

42	Number and ⁺class of all ⁺securities quoted on ASX (*including* the ⁺securities in clause 38)	Number	⁺Class

Quotation agreement

1   ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

2   We warrant the following to ASX.

- The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those ⁺securities should not be granted ⁺quotation.

- An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

  Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.

- If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

3   We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4   We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

[lodged electronically without signature]

Sign here: .... Date: 23 March 2018
(Company Secretary)

Print name: Kate Sainty

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Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
Insert number of fully paid ⁺ordinary securities on issue 12 months before the ⁺issue date or date of agreement to issue	1,091,082,186 Ordinary Fully Paid Shares
Add the following: • Number of fully paid ⁺ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid ⁺ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid ⁺ordinary securities that became fully paid in that 12 month period *Note:* • *Include only ordinary securities here – other classes of equity securities cannot be added* • *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed* • *It may be useful to set out issues of securities on different dates as separate line items*	3 April 2017 - 151,517 Ordinary Fully Paid Shares 30 June 2017 – 5,375,000 Ordinary Fully Paid Shares 15 December 2017 – 113,637 Ordinary Fully Paid Shares 30 January 2018 - 34,526,000 Ordinary Fully Paid Shares 16 February 2018 – 18,940 Ordinary Fully Paid Shares 23 March 2018 – 37,879 Ordinary Fully Paid Shares
Subtract the number of fully paid ⁺ordinary securities cancelled during that 12 month period	Nil
"A"	1,131,305,159

Step 2: Calculate 15% of "A"	
"B"	0.15 *[Note: this value cannot be changed]*
Multiply "A" by 0.15	169,695,773

Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used	
Insert number of ⁺equity securities issued or agreed to be issued in that 12 month period *not counting* those issued: • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 *Note:* • *This applies to equity securities, unless specifically excluded – not just ordinary securities* • *Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed* • *It may be useful to set out issues of securities on different dates as separate line items*	
"C"	Nil

Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1	
"A" x 0.15 *Note: number must be same as shown in Step 2*	169,695,773
Subtract "C" *Note: number must be same as shown in Step 3*	Nil
Total ["A" x 0.15] – "C"	169,695,773 *[Note: this is the remaining placement capacity under rule 7.1]*

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate "A", the base figure from which the placement capacity is calculated	
"A" *Note: number must be same as shown in Step 1 of Part 1*	1,131,305,159
Step 2: Calculate 10% of "A"	
"D"	0.10 *Note: this value cannot be changed*
Multiply "A" by 0.10	113,130,515
Step 3: Calculate "E", the amount of placement capacity under rule 7.1A that has already been used	
Insert number of ⁺equity securities issued or agreed to be issued in that 12 month period under rule 7.1A *Notes:* • *This applies to equity securities – not just ordinary securities* • *Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed* • *Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained* • *It may be useful to set out issues of securities on different dates as separate line items*	
"E"	Nil

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 *Note: number must be same as shown in Step 2*	113,130,515
Subtract "E" *Note: number must be same as shown in Step 3*	Nil
Total ["A" x 0.10] – "E"	113,130,515 *[Note: this is the remaining placement capacity under rule 7.1A]*