

21 February 2019

ASX Code: MXC

Expiration of 100m Performance Shares

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MGC Pharmaceuticals Ltd (ASX: MXC) (**Company**) advises that 100,000,000 performance shares in the capital of the Company (**Performance Shares**), for which the attaching performance milestone (**Milestone**) had not been achieved, have expired following the passing of their applicable expiry date on 15 February 2019 (**Expiry Date**).

The Performance Shares were originally issued on 15 February 2016 to the vendors of MGC Global Ltd (**MGC**), as part consideration for the Company's (then, Erin Resources Limited) acquisition of MGC, as approved by shareholders at the general meeting on 16 November 2015.

The attaching Milestone included, among other things, a requirement for the Company (or one of its subsidiaries) to achieve revenue of €1,000,000 from the supply of CBD oil and/or other Company products under an offtake agreement prior to the Expiry Date. Please refer to Schedule 3 of the Company's Notice of Meeting dated 14 October 2016 for the full terms and conditions of the Performance Shares.

In the 3-year period to 15 February 2019, the Company generated revenue of €895,855, as independently reviewed and verified by the Company's UK Group auditors PKF Littlejohn LLP.

As the Milestone was not achieved prior to the Expiry Date, the Performance Shares have now expired (**Expiration**). In accordance with their terms, upon Expiration, the Performance Shares held by each holder will consolidate into one Performance Share which shall then automatically convert to one ordinary share in the Company (**Share**).

The Expiration will therefore result in the issue of 7 new Shares (i.e. one Share to each vendor). The Company will release an Appendix 3B shortly to confirm the Expiration of the Performance Shares and issue of new Shares upon Expiration.

For and on behalf of the Board