



MGC PHARMACEUTICALS LTD
ACN 116 800 269

PROSPECTUS

For an offer of Shares to Eligible Shareholders to raise up to \$1,000,000 at an issue price of \$0.04 per Share (before costs) (**Priority Offer**).

This Prospectus has also been prepared for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date. Further details are set out in Section 5.2 of this Prospectus.

OFFER INFORMATION

The Priority Offer is currently scheduled to close at 5:00pm WST on 9 September 2019. Valid applications must be received by that time. Details of how to apply for Shares are set out in the Application Forms 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 Shares offered by this Prospectus should be considered as speculative.

CONTENTS

1.	CORPORATE DIRECTORY	1
2.	TIMETABLE	2
3.	IMPORTANT NOTES	3
4.	DETAILS OF THE OFFER.....	5
5.	PURPOSE AND EFFECT OF THE OFFERS	10
6.	RIGHTS AND LIABILITIES ATTACHING TO SHARES	15
7.	RISK FACTORS	18
8.	ADDITIONAL INFORMATION	27
9.	DIRECTORS' AUTHORISATION	35
10.	GLOSSARY	36

1. CORPORATE DIRECTORY

Directors

Brett Mitchell
Executive Chairman

Roby Zomer
Managing Director and CEO

Nativ Segev
Non-Executive Director and Head of Business Strategy

Stephen Parker
Non-Executive Director

Ross Walker
Non-Executive Director

Company Secretary

Rachel Kerr

Share Registry*

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

Telephone: 1300 850 505

Auditor

PKF Perth
4th Floor
35 Havelock Street
WEST PERTH WA 6005

Registered Office

1202 Hay Street
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Email: info@mgcpharma.com.au

ASX Code

MXC

Solicitors

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

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

2. TIMETABLE

Event	Date
Announcement of Priority Offer	21 August 2019
Record Date	28 August 2019
Lodgement of Prospectus with ASIC	29 August 2019
Opening Date of Priority Offer	29 August 2019
Issue of Shares pursuant to the Placement and lodgement of Appendix 3B with ASX	29 August 2019
Closing Date for Priority Offer**	5:00 pm (AWST) 9 September 2019
Issue date of Shares under the Priority Offer	16 September 2019
Expected date of Official Quotation of the Shares issued pursuant to the Priority Offer	17 September 2019

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

** Eligible Shareholders under the Priority Offer should ensure that their Priority Offer Application Form and/or Application Monies are received by this date.

3. IMPORTANT NOTES

This Prospectus is dated 29 August 2019 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 Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with 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 this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

Applications for Shares offered pursuant to this Prospectus can only be submitted on original Application Forms.

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.

3.1 Risk factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares 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 Shares pursuant to this Prospectus.

3.2 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of applying for Shares 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 Shares under this Prospectus.

3.3 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 our 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 7.

4. DETAILS OF THE OFFER

4.1 The Priority Offer

As announced on 21 August 2019, the Company is undertaking a Priority Offer of Shares to existing Shareholders in conjunction with a placement to sophisticated and professional investors (**Placement**) to raise a total of up to \$5.75 million.

By this Prospectus, the Company invites Eligible Shareholders to apply for Shares to raise up to \$1,000,000 at an issue price of \$0.04 per Share (before costs).

Eligible Shareholders are entitled to apply for up to \$25,000 worth of Shares (625,000 Shares) which may be applied for in parcels of \$2,500, \$5,000, \$10,000, \$15,000, \$20,000 or \$25,000 worth of Shares.

Applications under the Priority Offer will be at the sole discretion of the Board.

All Shares issued under this Prospectus will be issued without Shareholder approval, pursuant to the Company's existing placement capacity under ASX Listing Rule 7.1.

All of the Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.1 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Priority Offer and the intended use of funds raised are set out in Section 5.1.

4.2 Shortfall Offer

In the event that less than \$1,000,000 is applied for under the Priority Offer by Eligible Shareholders, the Company will, by way of a separate offer under this Prospectus (**Shortfall Offer**), offer that number of Shares at \$0.04 to raise up to \$1,000,000, when combined with the amount raised under the Priority Offer. The Shortfall Offer will remain open for up to three months following the Closing Date.

The Company will allow Eligible Shareholders to apply for Shares under the Shortfall Offer, subject to such applications being received by the Closing Date.

The allocation of any Shortfall Shares will be at the discretion of the Board. The Directors do not intend to refuse an application for Shortfall Shares from Eligible Shareholders other than in circumstances of oversubscription or where acceptance may result in a breach of the Corporations Act. If the number of Shares applied for by Eligible Shareholders exceeds the total Shortfall, the Shortfall Shares will be allocated among applying Eligible Shareholders proportionally.

The Company notes that no Shares will be issued to an applicant under this Prospectus or via the Shortfall Offer if the issue of Shares would contravene the takeover prohibition in section 606 of the Corporations Act. Similarly, no Shares will be issued via the Shortfall Offer to any related parties of the Company.

Any Shares issued pursuant to the Shortfall Offer will be issued under the Company's existing placement capacity pursuant to ASX Listing Rule 7.1.

4.3 Shareholders eligible to participate

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

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

If you are the only registered Shareholder of a holding of Shares, but you receive more than one 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 \$25,000. 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 Priority Offer is optional and is subject to the terms and conditions set out in this Prospectus.

4.4 Minimum subscription

There is no minimum subscription for the Priority Offer.

4.5 Underwriting

The Priority Offer is not underwritten.

4.6 Applications

An application under the Priority Offer must be made on the Priority Offer Application Form accompanying this Prospectus. Pursuant to the Priority Offer, Eligible Shareholders may apply for a maximum of \$25,000 worth of Shares. Eligible Shareholders may participate by selecting one of the options (**Priority Offer Application Amount**) to purchase Shares under the Priority Offer set out in the table below.

	Priority Offer Application Amount	Number of Shares which may be purchased
Offer A	\$25,000	625,000
Offer B	\$20,000	500,000
Offer C	\$15,000	375,000
Offer D	\$10,000	250,000
Offer E	\$5,000	125,000
Offer F	\$2,500	62,500

Fractional entitlements will be rounded up to the nearest whole number.

Any application monies received for more than an Applicant's final allocation of Shares (only where the amount is \$1.00 or greater) will be refunded.

Eligible Shareholders may apply for the Priority Offer by completing the Priority Offer Application Form accompanying this Prospectus in accordance with the instructions outlined on the Priority Offer Application Form. Applications pursuant to the Priority Offer must only be made by those Eligible Shareholders invited to make an application under the Priority Offer.

The Priority Offer is non-renounceable, which means that Eligible Shareholders may not transfer their rights to any Shares offered under the Priority Offer.

The Company reserves the right to close the Priority Offer early.

If you require assistance in completing the Application Forms, please contact the Company on +61 8 6382 3390.

4.7 Scale Back

The Company does not intend to raise more than \$1,000,000 under the Priority Offer. If applications for more than \$1,000,000 are received, the Company intends to scale back applications equally on a pro-rata basis.

Applications under the Priority Offer will be allocated at the discretion of the Board. The Board will not allocate any unmarketable parcels of Shares.

If the Company scales-back an Application or purported application, the Company will promptly return to the Shareholder the relevant application monies, without interest.

4.8 Payment by cheque/bank draft

All cheques must be drawn on an Australian bank or bank draft made payable in accordance with the instructions on the Priority Offer Application Form.

Your completed Priority Offer Application Form and cheque must be received by the Company's share registry no later than 5:00pm WST on the Closing Date.

4.9 Payment by BPAY®

For payment by BPAY®, please follow the instructions on the Application Forms. 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®:

- (a) you do not need to submit the Priority Offer Application Form but are taken to have made the declarations on that Priority Offer Application Form; and
- (b) if you do not pay for your Priority Offer Entitlement in full, you are deemed to have taken up your Priority Offer Entitlement in respect of such whole number of Shares 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 (WST) 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 Shares (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

4.10 Implications on acceptance

Returning a completed Application Form will be taken to constitute a representation by you that:

- (a) you have received a copy of this Prospectus and the accompanying Application Form, and read them both in their entirety; and
- (b) you acknowledge that once the Application Form is returned the application may not be varied or withdrawn except as required by law.

4.11 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out in Section 2. 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 offered pursuant to this Prospectus is not to be taken in any way as an indication of the merits of the Company or the Shares now offered.

4.12 Issue

Shares 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.

Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Offers.

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

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

4.13 Overseas shareholders

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offers are not being extended and Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Shares are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand).

This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that applying for Shares under the Offers does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Priority Offer Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

4.14 Enquiries

Any questions concerning the Offers should be directed to the Company on +61 8 6382 3390.

5. PURPOSE AND EFFECT OF THE OFFERS

5.1 Purpose of the Priority Offer

The primary purpose of the Priority Offer is to raise up to \$1,000,000. Together with the Placement, the Company proposes to raise a total of up to \$5,750,000.

The funds raised from the Priority Offer (assuming full subscription), together with the Placement, are planned to be used in accordance with the table set out below:

Proceeds of the Priority Offer and Placement	(\$)	%
R&D expenditure on Clinical Trials	1,025,000	17.83
Production for sale of MXC Pharmaceutical grade cannabinoid products	800,000	13.91
Immediate construction works on Malta GMP Pharma facility	1,500,000	26.09
Costs towards LSE Standard dual listing	300,000	5.22
Corporate and working capital ¹	1,747,012	30.38
Expenses of the Placement and Priority Offer ²	377,988	6.57
Total	\$5,750,000	100%

Notes:

1. Funds allocated to corporate and working capital will be used for administration expenses of the Company including administration fees, Director's remuneration and other administration and obligatory overheads.
2. Refer to Section 8.7 for further details relating to the estimated expenses of the Offers.

In the event the Company raises less than \$1,000,000 under the Priority Offer, the Company will scale back its proposed use of funds on a pro-rata basis, with the exception of the expenses of the Offers which will remain unchanged.

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.

On completion of the Priority Offer and the Placement the Board believes the Company will have sufficient working capital to achieve the above objectives.

5.2 Cleansing purpose

During the period in which the Priority Offer is open, the Company also proposes to issue a total of 128,238,875 Shares (the **Additional Issues**), comprising:

- (a) 118,750,000 Shares to sophisticated and professional investors under the Placement, at an issue price of \$0.04 per Share to raise up to \$4,750,000;
- (b) 3,638,000 Shares to certain employees of the Company upon conversion of existing Performance Rights that were originally issued under the Company's Employee Performance Rights Plan on 23 December 2016 and subsequently vested on 31 December 2018, following the satisfaction of applicable performance milestones (refer to the Company's Appendix 3B dated 23 December 2016 for details); and

- (c) 5,850,875 Shares to the vendors of the Company's 80% owned subsidiary, Panax s.r.o (**Panax**), in consideration for the acquisition of a further 6.67% interest in Panax following completion of an operational milestone for first extraction of cannabidiol by Panax as part of its Czech Republic operations, as announced in July 2018.

By way of background, on 27 April 2016, the Company announced it had entered into an agreement to acquire up to a 100% interest (**Panax Agreement**) with Czech based medical cannabis company Panax to run the Company's cultivation and research operations in the Czech Republic. As at the date of this Prospectus, the Company holds an 80% interest in Panax, with the right to acquire the remaining 20% interest (in 3 separate equal portions of 6.67%), upon the achievement of 3 specified milestones (**Milestones**). The first Milestone was satisfied as announced in July 2018, with the first successful extraction of cannabinoids in the Czech Republic. The consideration payable for each 6.67% portion is €200,000 worth of Shares, calculated at the 30-day volume weighted average price of Shares for the 30 trading days prior to the satisfaction of a relevant Milestone. Refer to the Company's announcements on 15 December 2016 and 7 February 2017 for further details.

An additional purpose of the Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company (the Additional Issues) prior to the Closing Date.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

5.3 Effect of the Priority Offer

The principal effect of the Priority Offer (assuming full subscription) will be to:

- (a) increase the cash reserves by \$5,372,012 (after deducting the estimated expenses of the Offers) immediately after completion of the Priority Offer; and
- (b) increase the number of Shares on issue from 1,213,471,111 as at the date of this Prospectus to 1,366,709,986 (including the Additional Issues).

5.4 Pro-forma balance sheet

The audited balance sheet as at 30 June 2019 and the unaudited pro-forma balance sheet as at 30 June 2019 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 full subscription of the Priority Offer and completion of the Additional Issues.

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 below. 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.

	Audited At 30.06.19 AU\$	Pro-forma At 30.06.19 AU\$
CURRENT ASSETS		
Cash and cash equivalents	2,354,086	7,731,781
Inventory	138,800	138,800
Other receivables	1,227,285	1,227,285
Total Current Assets	3,720,171	9,097,866
NON-CURRENT ASSETS		
Property, plant equipment	1,470,479	1,470,479
Intangible asset	5,034,309	5,034,309
Financial assets	2,771,804	2,771,804
Total Non-Current Assets	9,276,592	9,276,592
TOTAL ASSETS	12,996,763	18,374,458
CURRENT LIABILITIES		
Trade and other payables	1,593,707	1,593,707
Deferred revenue	587,688	587,688
Total Current Liabilities	2,181,395	2,181,395
NON-CURRENT LIABILITIES		
Provisions	17,195	17,195
Total Non-current liabilities	17,195	17,195
TOTAL LIABILITIES	2,198,590	2,198,590
NET ASSETS	10,798,173	16,175,868
EQUITY		
Contributed equity	49,133,819	54,511,514
Share based payment reserve	3,256,418	3,256,418
Foreign currency translation reserve	33,928	33,928
Retained earnings	(41,464,829)	(41,464,829)
EQUITY ATTRIBUTE TO EQUITY HOLDERS OF THE PARENT	10,959,336	16,337,031
Non-controlling interest	(161,163)	(161,163)
TOTAL EQUITY	10,798,173	16,175,868

5.5 Effect on capital structure

The effect of the Priority Offer on the capital structure of the Company, assuming full subscription of the Priority Offer and completion of the Additional Issues, is set out below.

Shares

Shares ¹	Number
Shares on issue as at the date of this Prospectus	1,213,471,111 ²
Shares to be issued pursuant to the Priority Offer	25,000,000
Shares to be issued under the Placement	118,750,000
Shares to be issued upon conversion of Performance Rights	3,638,000
Shares to be issued to under the Panax Agreement for equity	5,850,875
Total Shares on issue upon completion of the Priority Offer and Additional Issues	1,366,709,986

Notes:

1. The rights and liabilities attaching to the Shares are summarised in Section 6 of this Prospectus.
2. Including 10,335,511 Shares subject to a voluntary holding lock.

Options	Number
Unquoted exercisable at \$0.125 each on or before 31/03/2021 and subject to vesting conditions	19,900,000
Unquoted exercisable at \$0.15 each on or before 30/06/2021	10,000,000
Unquoted exercisable at \$0.065 each on or before 31/03/2021	16,000,000
Issued under the Priority Offer	Nil
Total Options on issue upon completion of the Priority Offer and Additional Issues	45,900,000^{1,2}

Notes:

1. As announced by the Company on 21 August 2019, the Company will issue a total 45,000,000 Options to Canaccord Genuity (Australia) Limited in consideration for acting as equity capital markets advisor to the Company, comprising 14,500,000 Options exercisable at \$0.05, 14,500,000 Options exercisable at \$0.06 and 14,500,000 Options exercisable at \$0.07, all expiring on 31 August 2023. These Options will be issued subject to Shareholder approval.
2. As announced by the Company on 21 August 2019, Merchant Corporate Advisory Pty Ltd and Chieftain Securities Pty Ltd (an entity controlled by Director, Brett Mitchell) (together, the **JLMs**) were engaged as Joint Lead Managers of the Placement. In consideration for this engagement, the Company has agreed to issue the JLMs a total of 9,000,000 Options, comprising 3,000,000 Options exercisable at \$0.05, 3,000,000 Options exercisable at \$0.06 and 3,000,000 Options exercisable at \$0.07, all expiring on 31 August 2023. These Options will be issued subject to Shareholder approval.

Performance Rights	Number
Performance Rights on issue as at the date of this Prospectus	3,638,000 ¹
Issued under the Priority Offer	Nil
Total Performance Rights on issue upon completion of the Priority Offer and Additional Issues	3,638,000

Notes:

1. Performance Rights were originally issued under the Company's Employee Performance Rights Plan on 23 December 2016 and subsequently vested on 31 December 2018 (following the satisfaction of applicable performance milestones) and will be converted into Shares prior to the Closing Date.

5.6 Details of substantial holders

As at the date of this Prospectus no persons (together with their associates) have a relevant interest in 5% or more of the Shares on issue.

There will be no change to the substantial holders on completion of the Offers.

The Company confirms that no person will acquire, through participation in the Offers, a holding of Shares of, or increase their holding, to an amount in excess of 19.9% of all the Shares on issue on completion of the Offers.

6. RIGHTS AND LIABILITIES ATTACHING TO SHARES

6.1 Rights attaching to Shares

The following is a summary of the more significant rights attaching to Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meeting and notices

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Constitution, the Corporations Act or the ASX Listing Rules.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by an attorney; representative or proxy has one vote on a show of hands (unless a member has appointed 2 proxies) and one vote per share on a poll.

A person who holds a share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share.

Where there are 2 or more joint holders of a share and more than one of them is present at a meeting and tenders a vote in respect of the share, the Company will count only the vote cast by the member whose name appears first in the Company's register of members.

(c) Issues of further Shares

The Directors may, on behalf of the Company, issue, grant options over unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Constitution, Listing Rules, the Corporations Act and any rights for the time being attached to the shares in any special class of those shares.

(d) Variation of Rights

Unless otherwise provided by the terms of issue of a class of shares and subject to the Corporations Act, the rights attached to the shares in any class may be varied or cancelled only with the written consent of the holders of at least three-quarters of the issued shares of the affected class, or by special resolution passed at a separate meeting of the holders of the issued shares of the affected class.

(e) **Transfer of Shares**

Subject to the Constitution, the Corporations Act and ASX Listing Rules, Shares are freely transferable.

The Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by any other method of transferring or dealing with Shares introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by either the Directors or ASX that is permitted by the Corporations Act.

The Directors may decline to register a transfer of Shares (other than a proper transfer in accordance with the ASX Settlement Operating Rules) where permitted to do so under the ASX Listing Rules. If the Directors decline to register a transfer, the Company must, within 5 business days after the transfer is delivered to the Company, give the party lodging the transfer written notice of the refusal and the reason for the refusal. The Directors must decline to register a transfer of Shares when required by law, by the ASX Listing Rules or by the ASX Settlement Operating Rules.

(f) **Dividends**

The Directors may from time to time determine dividends to be distributed to members according to their rights and interests. The Directors may fix the time for distribution and the methods of distribution. Subject to the terms of issue of shares, the Company may pay a dividend on one class of shares to the exclusion of another class.

Each share carries the right to participate in the dividend in the same proportion that the amount for the time being paid on the share (not credited) bears to the total amounts paid and payable (excluding amounts credited) in respect of such shares.

(g) **Dividend reinvestment and Share plans**

Subject to the requirements in the Corporations Act and the ASX Listing Rules, the Directors may implement and maintain dividend reinvestment plans (under which any member may elect that dividends payable by the Company be reinvested by way of subscription for fully paid shares in the Company).

(h) **Capitalisation of profits**

Subject to the ASX Listing Rules and any rights or restrictions attaching to any class of shares, the Company may capitalise profits. Members are entitled to participate in a capital distribution in the same proportions in which they are entitled to participate in dividends.

(i) **Winding-up**

Subject to the rights of holders of shares with special rights in a winding-up and the Corporations Act, if the Company is wound up all monies and property that are to be distributed among Shareholders on a winding-up, shall be distributed in proportion to the Shares held by them respectively, irrespective of the amount paid-up or credited as paid-up on the Shares.

(j) **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.

(k) **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.

7. RISK FACTORS

7.1 General

The Shares 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 Shares 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 Shares.

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

7.2 Company specific – growing facilities

(a) Agriculture risks

The Company's business involves the growing of medicinal cannabis, which is an agricultural product. As such the business is subject to the risks inherent in the agricultural industry, such as insects, plant diseases, storm, fire, frost, flood, drought, water availability, water salinity, pests, bird damage and force majeure events. Although the Company plans to have both indoor and outdoor growing operations under climate controlled conditions and employ trained personnel to carefully monitor and manage the growing conditions there can be no guarantee that natural elements will not have a material adverse effect on the production of the growing operations.

There can be no assurance that natural elements will not have a material adverse effect on the Company's growing operations and, consequently, result in delays to or adversely affect production. There are a number of risks which may still be associated with the construction and use of indoor areas to grow and cultivate cannabis, including the sourcing of suitable cannabis varieties either domestically or overseas, plant diseases, underestimating the costs and time for cultivation, underestimating the lighting and heating requirements and cost of installation, human error in the execution of engineering and construction, equipment failure, supplier delays and underestimating breakages and consumables. Each of these risks may be mitigated to some degree by proper management and external professional advice, however they may still impact grow time, the number of harvests or the oil yield generated from each harvest.

(b) Key inputs for growing medicinal cannabis

The key inputs include raw material and supplies related to growing operation as well as electricity, water and other local utilities. Any significant interruptions or negative changes in the availability of economics of the supply chain for the inputs could materially impact the business, financial condition and operating results of the Company. Due to the nature of the product some of these inputs may only be available

from single suppliers or a limited group of suppliers. Any restrictions on the ability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial conditions and operating results of the Company.

(c) **Production yields**

Any medical cannabis company is inherently dependent on its ability to maintain a supply of specific plant genetics for the product it plans to produce. MGC has a similar inherent need to maintain supply of high yield product from its growing and extraction operations. The deciding factor ultimately is the mass of material produced per area cultivated and the percentage content of phytocannabinoids in the final extract.

The ability of the Company to cultivate and produce products is dependent on a number of key inputs and their related costs. These key inputs include raw materials, electricity, water, other utilities and skilled labour. Any significant interruption or negative change in the availability or cost of these inputs could materially impact the production of the business and subsequently, the operating results of the Company.

(d) **Product liability claims (Cosmetics, Food Supplements and Medicinal)**

As a manufacturer and distributor of a range of cosmetic and medical cannabis products designed to be applied or potentially ingested by humans the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation. These risks will arise if the Company's medicinal cannabis is alleged to have caused significant loss or injury. In addition, the manufacture of medicinal cannabis involves the risk of injury to consumers due to tampering by unauthorised third parties or product contamination. Previously unknown adverse reaction resulting from human consumption of medicinal cannabis alone or in combination with other medication or substances could occur.

The Company may be subject to various product liability claims, including among others that the Company's products caused injury or illness, inadequate instructions for use or warnings concerning possible side effects. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect the Company's reputation with its clients and consumers generally and could have a material adverse effect on the Company's results of operations and financial conditions.

(e) **Obtaining and maintaining licences**

The Company's ability to research, develop and commercialise its products is dependent on the Company's ability to maintain licenses relating to the cultivation, possession and supply of controlled substances in its area of operations. Any proposed growing operations that are developed in any other European country will be subject to the licenses required and other applicable legislation and regulations enforced in the respective country where the operations are based.

(f) **Controlled substance legislation**

Controlled substance legislation differs between countries and legislation in certain countries may restrict or limit MGC's ability to sell its proposed products.

Most countries are parties to the Single Convention on Narcotic Drugs 1961, which governs international trade and domestic control of narcotic substances, including cannabis extracts. Countries may interpret and implement their treaty obligations in a way that creates a legal obstacle to obtaining marketing approval for MGC's proposed products in those countries. These countries may not be willing or able to amend or otherwise modify their laws and regulations to permit MGC's proposed products to be marketed or achieving such amendments to the laws and regulations may take a prolonged period of time.

(g) **Changes in laws and regulations**

The Company's operations are subject to a variety of laws, regulations and guidelines. The medicinal cannabis industry is evolving worldwide and in Australia and has been identified as possibly posing risks in relation to law enforcement and government regulation. It is likely that governments worldwide, including Australia, will continue to explore the benefits, risks, regulations and operations of companies involved in medical cannabis. While to the knowledge of management, the Company is currently in compliance with all current laws, changes to laws and regulations due to matters beyond the control of the Company may cause adverse effects to its operations.

The introduction of new legislation or amendments to existing legislation by governments, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial position and financial performance of the Company and its Shares. In addition, there is a risk that legal action may be taken against the Company in relation to commercial, legal, regulatory or other matters.

(h) **Going concern risk**

The Company's half year financial report for the year ended 30 June 2019 (**Financial 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 Financial Report, the Directors believe that upon the successful completion of the Placement and Priority Offer, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short term working capital requirements.

7.3 Risks to the Company's business – products

(a) **Controlled substances**

Some of MGC's products may contain controlled substances and their regulatory approval may generate public controversy. Political and social pressures and adverse publicity could lead to delays in approval of, and increased expenses for, MGC's products. These pressures could also limit or restrict the introduction and marketing of MGC's products. Adverse publicity from cannabis misuse or adverse side effects from cannabis or other cannabinoid products may adversely affect the commercial success or market penetration achievable by MGC's products. The nature of MGC's business attracts a high level of public and

media interest, and in the event of any resultant adverse publicity, MGC's reputation may be harmed.

(b) **Development of products and counterparty risks**

The MGC Group has entered into agreements with third parties for the development of cosmetic and therapeutic products as well as the purchase of some of the CBD resin that the MGC Group produces. The MGC Group may also become party to other material agreements with third parties. The financial performance of the MGC Group will be exposed to, and may be adversely affected by, any failure by counterparties to these agreements to comply with the terms of those contracts. This risk is beyond the MGC Group's control. In addition, there is a risk of financial failure or default by a participant in any joint venture or collaboration arrangements to which the MGC Group is or may become a party. There is also a risk of the insolvency or managerial failure by any of the contractors or other suppliers used by MGC in any of its activities, or that any of those agreements are terminated in accordance with their terms. Any of the above outcomes, could result in an adverse effect on MGC's operations, financial position and performance.

(c) **Competition for products**

The medicinal and cosmetic cannabis products industry is highly competitive and subject to rapid change. The industry continues to expand and evolve as an increasing number of competitors and potential competitors enter the market. Many of these competitors and potential competitors have substantially greater financial, technological, managerial and research and development resources and experience than MGC. Some of these competitors and potential competitors have more experience than MGC has in the development of medical and cosmetic products, including validation procedures and regulatory matters. In addition, MGC's proposed products will, if successfully developed, compete with, product offerings from large and well established companies that have greater marketing and sales experience and capabilities than MGC or its joint venture and collaboration partners have. If MGC is unable to compete successfully, MGC may be unable to generate, grow and sustain its revenue.

(d) **Market price of products**

There is currently no transparent or liquid quoted market price for CBD resin or other cannabis based products, prices are set under off take contracts. The prices for CBD resin or other cannabis based products may fluctuate and may be affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for CBD resin or other cannabis based products, technological advancements and other macro-economic factors.

(e) **Research and development activities**

Research and development activities for products are expensive, time consuming and difficult to design and implement. Even if the results of MGC's research and development activities 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, including state and local, may suspend, delay or terminate research and development activities at any time, or suspend

or terminate the registrations and quota allotments required in order to procure and handle controlled substances, for various reasons. Any of the foregoing could have a material adverse effect on MGC's business, results of operations and financial condition.

(f) **Dangerous products**

If any of MGC's products, prior to or after any approval for commercial sale, cause serious or unexpected side effects, or are associated with other safety risks such as misuse, abuse or diversion, a number of potentially significant negative consequences could result, including:

- (i) regulatory authorities may interrupt, delay or halt product development;
- (ii) regulatory authorities may deny regulatory approval of MGC's products;
- (iii) regulatory authorities may require certain labelling statements, such as warnings or contraindications or limitations on the indications for use, and/or impose restrictions on distribution;
- (iv) regulatory authorities may withdraw their approval, require more onerous labelling statements any product that is approved;
- (v) MGC may be required to make material changes to products;
- (vi) MGC's relationships with joint venture and collaboration partners may suffer;
- (vii) MGC could be sued and held liable for harm caused to product users; or
- (viii) MGC's reputation may suffer generally.

MGC may have to voluntarily suspend or terminate research and development activities if at any time they present an unacceptable risks to consumers or if preliminary data demonstrates that products are unlikely to receive regulatory approval or unlikely to be successfully commercialised.

(g) **Industry growth and competition**

The medicinal cannabis industry is undergoing rapid growth and substantial change, which has resulted in increasing consolidation and formation of strategic relationships. The Company expects this consolidation and strategic collaborating to continue. Acquisitions or other consolidating transactions could harm MGC in a number of ways, including:

- (i) MGC could lose strategic relationships if third parties with whom it has arrangements with are acquired by or enter into relationships with a competitor (which could cause MGC to lose access to distribution, content, technology and other resources);
- (ii) the relationship between MGC and such third parties may deteriorate and cause an adverse effect on MGC's business; and

- (iii) MGC's current competitors could become stronger, or new competitors could form, from consolidations. Any of these events could put MGC at a competitive disadvantage, which could cause MGC to lose research and development facilities or access to technology. Consolidation could also force MGC to expend greater resources to meet new or additional competitive threats, which could also harm MGC's results.

(h) **Operating in the pharmaceutical space**

The Company's success depends on its ability to successfully develop and commercialise additional pharmaceutical products. The Company's future results of operations depend, to a significant degree, upon the ability to successfully commercialise additional branded pharmaceutical products. MGC must develop, test and manufacture products as well as prove that its cannabis derived products are as or more effective as their available counterparts on the market. All of MGC's products must meet regulatory standards and receive regulatory approvals. The development and commercialisation process, particularly with respect to innovative products, is both time consuming and costly and involves a high degree of business risk.

MGC products currently under development, if and when fully developed and tested, may not perform as we expect, necessary regulatory approvals may not be obtained in a timely manner, if at all, and such products may not be able to be successfully and profitably produced and marketed. Delays in any part of the process or MGC's inability to obtain regulatory approval for its products could adversely affect operating results by restricting the introduction of new products.

The continuous introduction of new generic products is critical to the MGC Group's business. In addition, the sale of products is subject to the continued availability of the active pharmaceutical ingredients necessary for their production. MGC's ability to sustain sales and profitability on any product over time is dependent on both the number of new competitors for such product and the timing of their approvals.

The MGC Group's overall profitability depends on its ability to continuously and timely introduce new products. Competition in the global medical cannabis market and the pharmaceutical market continues to intensify as the pharmaceutical industry realises the impact of cannabinoid treatment, and other companies from the space could begin forming strategic alliances with pharmaceutical companies giving them access to similar resources and distribution networks.

7.4 General risks

(a) **Sufficiency of funding**

The MGC Group's business strategy will require substantial expenditure and there can be no guarantees that the Company's existing cash reserves and funds generated over time by the MGC business will be sufficient to successfully achieve all the objectives of the Company's business strategy. Further funding of projects may be required by the Company to support the ongoing activities and operations of the MGC Group, including the need to conduct further research and development, enhance its operating infrastructure and to acquire complementary businesses and technologies.

Accordingly, the Company may need to engage in equity or debt financing to secure additional funds. 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 may 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) Protection of intellectual property rights

The MGC Group does not currently have any patent protection of its intellectual property and it is not yet known whether it will be in fact possible to obtain any patent protection of the MGC Group intellectual property. In particular, MGC does not have any intellectual property protection for the seeds that it holds. It may be difficult to prove ownership of the genetic and DNA code of the strain of cannabis which MGC owns seeds for as the seeds have been modified through hybrid plants and clones without tracing the original genetic codes. Accordingly, the MGC Group relies on its intellectual property being kept confidential within the organisation, although it has plans to register its relevant intellectual property at the appropriate time, and jurisdiction, in the future. If the MGC Group fails to protect its intellectual property secrets, competitors may gain access to its know-how and other proprietary information, which could harm the business.

The Company may be required to spend significant resources to monitor and protect its intellectual property. It may initiate or otherwise be involved in litigation against third parties for infringement, or to establish the validity, of its rights. Any litigation, whether or not it is successful, could result in significant expense to the Company and divert the efforts of its personnel.

While MGC seeks to protect its confidential information, in part, through confidentiality agreements with consultants and scientific and other advisors, such parties may unintentionally or wilfully disclose confidential information to competitors. Enforcing a claim against a third party related to the illegal acquisition and use of proprietary information can be expensive and time consuming, and the outcome is often unpredictable.

(c) Reliance on key personnel

The recent developments of MGC have been in large part due to the talent, effort and experience of its senior management team and scientific board. Although these individuals have entered into executive services agreements with the Company, there is no assurance that such contracts will not be terminated. If such contracts are terminated or breached, or if these individuals no longer continue in their current roles, new personnel will need to be employed which may adversely affect the business. The MGC Group is also substantially dependent on the continued service of its existing development personnel because of the

complexity of its services and technologies. There is no assurance that the MGC Group will be able to retain the services of these persons.

(d) **Foreign exchange risks**

The Company (including its subsidiaries) operates in numerous jurisdictions. Consequently, it may generate revenue and incur costs and expenses in more than one currency. 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 foreign currencies relative to the Australian dollar may result in lower than anticipated revenue, profit and earnings. MGC Group will be affected on an ongoing basis by foreign exchange risks and will have to monitor this risk on an ongoing basis.

(e) **Insurance coverage**

The Company faces various risks in connection with the MGC Group and may lack adequate insurance coverage or may not have the relevant insurance coverage. The Company maintains insurance coverage for its employees, as well as professional indemnity, product liability and third-party liability insurance. However, it does not maintain business interruption insurance or insurance against claims for certain property damage. The Company will need to review its insurance requirements periodically. If MGC Group incurs substantial losses or liabilities and its insurance coverage is unavailable or inadequate to cover such losses or liabilities, the Company's financial position and financial performance may be adversely affected.

(f) **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.

(g) **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.

7.5 Investment speculative

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 Shares offered under this Prospectus.

Therefore, the Shares 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 Shares.

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 Shares pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Litigation

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

8.2 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 a 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 during normal office hours.

Details of documents lodged by the Company 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
29/08/2019	Appendix 4E and Audited 2019 Financial Report
27/08/2019	Approval Granted for Large-Scale Research Project with IHPS
23/08/2019	Trial on the Effect of CannEpiL on Driver Competency
21/08/2019	Reinstatement to Official Quotation
21/08/2019	Canaccord to Lead LSE Listing and \$4.75m Placement closed
21/08/2019	Suspension from Official Quotation
19/08/2019	Trading Halt
12/08/2019	MXC 100 Patient Milestone in Aus, Onboards Tetra Health
08/08/2019	MGC Signs Agreement for Construction of GMP Pharma Facility
07/08/2019	YuShop Completes Chinese Market Test, Sales to Commence
29/07/2019	Additional Information on Ground-breaking Research
24/07/2019	MGC Research – Effectiveness of Cannabinoids on Brain Cancers
11/07/2019	June Quarterly Activity and Cashflow Report
05/07/2019	Exercise of 6.5c Listed Options Tranche 2 - Appendix 3B
21/06/2019	Exercise of 6.5c Listed Options Tranche 1 - Appendix 3B
21/06/2019	Germany, Austria & Switzerland Distribution Agreement Signed
19/06/2019	Brazil Distribution Agreement signed for MGC Pharma Products
13/06/2019	Pharma Update - Increased Orders and Clinical Study
07/06/2019	Digital Platform for MGC Pharma's ILC with RMIT
04/06/2019	Material Revenues Confirmed from Non-Pharma Business Units
03/06/2019	Trading Halt
31/05/2019	Upcoming Expiry of Listed Options MXCOD
29/05/2019	Cultivation Licence Granted by the Office of Drug Control
24/05/2019	Research - the Effectiveness of Cannabinoids on Glioblastoma
15/05/2019	Company Presentation- Canaccord Cannabis Conference 2019 NYC

07/05/2019	Arrival of First CannEpil Shipment to United Kingdom
06/05/2019	UK Distribution Agreement with Grow Biotech and IPS
02/05/2019	New Distribution Agreements Signed for CannEpil & IMP's
30/04/2019	March Quarterly Activity and Cashflow Report
17/04/2019	Agreement for CBD Nutraceuticals Entry into China Market
16/04/2019	Updated CannEpil First Purchase Orders & UK Permit Approval
12/04/2019	Issue of Unlisted Options - Appendix 3B
12/04/2019	Received CannEpil Purchase Orders and Import Permit for UK
02/04/2019	MXC's 2019 Pharma Commercialisation Strategy
01/04/2019	CannaTech Conference Presentation - Tel Aviv 2019
13/03/2019	Initial Director's Interest Notice Appx 3X Dr Stephen Parker
13/03/2019	European Corporate and Pharma Industry Expert Appointed NED
28/02/2019	Half Yearly Report and Accounts
28/02/2019	Resignation of Joint Company Secretary
26/02/2019	Independent Validation of MXC High-Grade Cannabis Genetics
25/02/2019	Change of Director's Interest Notice- Appx 3Y Roby Zomer
25/02/2019	Change of Director's Interest Notice- Appx 3Y Nativ Segev
22/02/2019	Appendix 3B - Expiry of Performance Shares
21/02/2019	Expiration of 100m Performance Shares
11/02/2019	Change of Director's Interest Notice- Appx 3Y Roby Zomer
11/02/2019	Change of Director's Interest Notice- Appx 3Y Nativ Segev
11/02/2019	Change of Director's Interest Notice- Appx 3Y Brett Mitchell
01/02/2019	MXC Botanical Update
29/01/2019	Completion of MGC Derma Sale to CannaGlobal
22/01/2019	Major Regulatory Milestones Achieved for Pharma Business
18/01/2019	December Quarterly Activity and Cashflow Report
24/12/2018	First CannEpil Product arrives in Australia
19/12/2018	MXC commences trading on the US OTCQB Venture Market
05/12/2018	Release of Restricted Securities
03/12/2018	MGC Derma - CannaGlobal Transaction Update
22/11/2018	Chairman's Address - 2018 AGM
22/11/2018	Results of Annual General Meeting
20/11/2018	AGM 2018 Webinar Details
19/11/2018	MXC launches CannaHub with RMIT and HUJ
15/11/2018	Legal Proceedings Commenced against Varm Cosmo
13/11/2018	Reinstatement to Official Quotation
13/11/2018	Definitive Agreement Signed for Sale of MGC Derma
07/11/2018	Voluntary Suspension Extension

05/11/2018	Suspension from Official Quotation
01/11/2018	Trading Halt
31/10/2018	Appendix 4G and Corporate Governance Statement

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.com.au

8.3 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 that date and the most recent dates of those sales were:

	Price	Date
Highest	\$0.062	15 July 2019
Lowest	\$0.039	28 August 2019
Last	\$0.039	28 August 2019

8.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the two (2) years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offers; or
- (c) 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 a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) 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, is set out in the table below.

Director	Shares	Options
Brett Mitchell	26,793,894	5,000,000 ⁱ
Nativ Segev	53,000,001	Nil
Roby Zomer	30,500,001	Nil
Ross Walker	4,000,000	Nil
Stephen Parker	Nil	Nil

ⁱ Chieftain Securities Pty Ltd holds these options of which Mr Mitchell is a director and 33.33% shareholder.

None of the Directors will participate in the Placement or the Priority Offer.

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	Remuneration for year ended 30 June 2018	Remuneration for year ended 30 June 2019	Proposed remuneration for current financial year
Brett Mitchell	\$345,549	\$289,765	\$259,500
Nativ Segev	\$452,780	\$393,541	\$333,929
Roby Zomer	\$417,828	\$406,409	\$406,714
Ross Walker	\$65,000	\$60,000	\$60,000
Stephen Parker ¹	N/A	\$20,058	\$65,858

Notes:

1. Appointed on 13 March 2019.

8.5 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 \$10,000 (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 \$120,559.04 (excluding GST and disbursements) for legal services provided to the Company.

8.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), 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) to the maximum extent permitted by law, expressly disclaim and take 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.

PKF Perth has given its written consent to being named as the auditors to the Company in this Prospectus. PKF Perth has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.7 Expenses of the Offers

The total expenses of the Placement and Priority Offer (excluding GST) is set out in the table below:

Expenses	\$
ASIC fees	3,206
ASX fees	15,782
Legal fees	10,000
Placement fee	285,000
Share Registry	24,000
Printing and distribution	35,000
Miscellaneous	5,000
Total	377,988

8.8 Electronic prospectus

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Priority Offer Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.mgcpharma.com.au.

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.

8.9 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

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

The Company will not be issuing share or 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 Shares 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.

8.11 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, 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 or its share registry 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.

9. **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.



Mr Roby Zomer
Managing Director
For and on behalf of
MGC PHARMACEUTICALS LTD

10. **GLOSSARY**

\$ means the lawful currency of the Commonwealth of Australia.

Additional Issues has the meaning given in Section 5.2.

Applicant means a person who applies for Shares pursuant to the Offers.

Application means an application to subscribe for Shares under this Prospectus.

Application Form or **Application Forms** means the Priority Offer 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.

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

Closing Date means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

Company or **MGC** 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 means Shareholders:

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

MGC Group means the MGC and its subsidiaries.

Offers means the Priority Offer and the Shortfall Offer.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Placement has that meaning given in Section 4.1.

Priority Offer means the offer of Shares to Eligible Shareholders as set out in Section 4.1.

Priority Offer Application Form means the acceptance form for the Priority Offer, provided to Shareholders by the Company.

Priority Offer Entitlement means the entitlement of an Eligible Shareholder to participate in the Priority Offer.

Prospectus means this prospectus.

Record Date means the date specified in the timetable set out at the commencement of this Prospectus.

Section means a section of this Prospectus.

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

Shareholder means a holder of a Share.

Shortfall means the Shares not applied for under the Priority Offer (if any).

Shortfall Offer means the offer of the Shortfall on the terms and conditions set out in Section 4.2.

Shortfall Shares means those Shares issued pursuant to the Shortfall Offer.

WST means Western Standard Time.