

Announcement Summary

Entity name

MGC PHARMACEUTICALS LTD

Announcement Type

New announcement

Date of this announcement

Monday February 17, 2020

The Proposed issue is:

- An offer of securities under a securities purchase plan
- A placement or other type of issue

Total number of +securities proposed to be issued for an offer of securities under a securities purchase plan

ASX +Security Code	+Security Description	Maximum Number of +securities to be issued
n/a	Listed Options exercisable at \$0.045 on or before 31 August 2021	55,555,555
MXC	ORDINARY FULLY PAID	111,111,111

+Record date

Friday February 14, 2020

Offer closing date

Wednesday March 4, 2020

+Issue date

Wednesday March 11, 2020

Total number of +securities proposed to be issued for a placement or other type of issue

ASX +Security Code	+Security Description	Maximum Number of +securities to be issued
MXC	ORDINARY FULLY PAID	31,250,000

Proposed +issue date

Friday February 21, 2020



Refer to next page for full details of the announcement



Part 1 - Entity and announcement details

1.1 Name of +Entity

MGC PHARMACEUTICALS LTD

We (the entity named above) give ASX the following information about a proposed issue of +securities and, if ASX agrees to +quote any of the +securities (including any rights) on a +deferred settlement basis, we agree to the matters set out in Appendix 3B of the ASX Listing Rules.

1.2 Registered Number Type

ABN

Registration Number

30116800269

1.3 ASX issuer code

MXC

1.4 The announcement is

New announcement

1.5 Date of this announcement

Monday February 17, 2020

1.6 The Proposed issue is:

An offer of +securities under a +securities purchase plan

A placement or other type of issue



Part 4 - Details of proposed offer under securities purchase plan

Part 4A - Conditions

4A.1 - Are any of the following approvals required for the offer of +securities under the +securities purchase plan issue to be unconditional?

- +Security holder approval
- Court approval
- Lodgement of court order with +ASIC
- ACCC approval
- FIRB approval
- Another approval/condition external to the entity

No

Part 4B - Offer details

Class or classes of +securities that will participate in the proposed issue and class or classes of +securities proposed to be issued

ASX +Security Code and Description

MXC : ORDINARY FULLY PAID

Will the proposed issue of this +security include an offer of attaching +securities?

Yes

Details of +securities proposed to be issued

ASX +Security Code and Description

MXC : ORDINARY FULLY PAID

Maximum Number of +securities proposed to be issued

111,111,111

Minimum Number of +securities proposed to be offered to each individual +security holder

37,037

Maximum Number of +securities proposed to be offered to each individual +security holder

1,111,111



Minimum subscription \$ amount proposed to be offered to each individual security holder	Maximum subscription \$ amount proposed to be offered to each individual security holder
AUD 1,000	AUD 30,000

Purpose of the issue

The net proceeds raised under the SPP will be applied to fund the immediate production and future production for its cannabinoid based medicines to fulfil current and future sales orders including CannEpi®, CogniCann®, and MP100 in Australia, Europe and Latin America, the ongoing operating expenses of the Company, and general working capital requirements.

Offer price details for retail security holders

Issue Currency	Offer Price per +security	Estimated or Actual?
AUD - Australian Dollar	AUD 0.02700	<input checked="" type="checkbox"/> Actual

Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class?

Yes

Oversubscription & Scale back details

May a scale back be applied to this event?

Yes

Provide the scale back details

In the event that more than A\$3.0 million is applied for under the SPP, the Board reserves the right to scale-back applications, and/or close or withdraw the SPP offer early in their absolute discretion, or alternatively, accept oversubscriptions in the SPP.

Attaching +Security

Is the proposed attaching security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional +securities in a class that is already quoted or recorded by ASX)?

New class

Attaching +Security - New class (+securities in a class that is not yet quoted or recorded by ASX)

Details of attaching +securities proposed to be issued

ISIN Code (if Issuer is a foreign company and +securities are non CDIs)

Have you received confirmation from ASX that the terms of the proposed +securities are appropriate and equitable under listing rule 6.1?	Will the entity be seeking quotation of the 'new' class of +securities on ASX?
<input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes



ASX +Security Code

New class-code to be confirmed

+Security Description

Listed Options exercisable at \$0.045 on or before 31 August 2021

+Security Type

Options

Offer ratio (ratio of attaching securities at which the new +securities will be issued)

The quantity of attaching +securities to be issued

1

For a given quantity of the new +securities issued

2

What will be done with fractional entitlements?

Fractions rounded down to the nearest whole number or fractions disregarded

Maximum Number of +securities proposed to be issued

55,555,555

Offer price details for retail security holders

Issue Currency

AUD - Australian Dollar

Offer Price per +security

AUD 0.00000

Estimated or Actual?

Actual

Oversubscription & Scale back details

May a scale back be applied to this event?

Yes

Provide the scale back details

In the event that more than A\$3.0 million is applied for under the SPP, the Board reserves the right to scale-back applications, and/or close or withdraw the SPP offer early in their absolute discretion, or alternatively, accept oversubscriptions in the SPP.

Will all the +securities issued in this class rank equally in all respects from their issue date?

Yes

Options details

+Security Currency

AUD - Australian Dollar



Exercise Price

AUD 0.0450

Expiry date

Tuesday August 31, 2021

Details of the existing class of +security that will be issued upon exercise or conversion of this new class of company option

MXC : ORDINARY FULLY PAID

Please provide any further information relating to the principal terms of the +securities

Listed Options exercisable at \$0.045 on or before 31 August 2021

Part 4C - Timetable

4C.1 Date of announcement of +security purchase plan

Monday February 17, 2020

4C.2 +Record date

Friday February 14, 2020

4C.3 Date on which offer documents will be made available to investors

Monday February 17, 2020

4C.4 Offer open date

Wednesday February 19, 2020

4C.5 Offer closing date

Wednesday March 4, 2020

4C.6 Announcement of results

Friday March 6, 2020

4C.7 +Issue date

Wednesday March 11, 2020

Part 4D - Listing Rule requirements

4D.1 Does the offer under the +securities purchase plan meet the requirements of listing rule 7.2 exception 5 that:

- the number of +securities to be issued is not greater than 30% of the number of fully paid +ordinary securities already on issue; and
- the issue price of the +securities is at least 80% of the +volume weighted average market price for +securities in that +class, calculated over the last 5 days on which sales in the +securities were recorded, either before the day on which the issue was announced or before the day on which the issue was made?

Yes



Part 4E - Fees and expenses

4E.1 Will there be a lead manager or broker to the proposed offer?

Yes

4E.1a Who is the lead manager/broker?

Canaccord Genuity (Australia) Limited

4E.1b What fee, commission or other consideration is payable to them for acting as lead manager/broker?

3% of the Gross Proceeds raised under the SPP

4E.2 Is the proposed offer to be underwritten?

No

4E.3 Will brokers who lodge acceptances or renunciations on behalf of eligible +security holders be paid a handling fee or commission?

No

4E.4 Details of any other material fees or costs to be incurred by the entity in connection with the proposed offer

Nil

Part 4F - Further Information

4F.1 Will the entity be changing its dividend/distribution policy if the proposed offer is successful?

No

4F.2 Countries in which the entity has security holders who will not be eligible to accept the proposed offer

Participation is open to Shareholders that are registered with an Australian or New Zealand address

4F.3 URL on the entity's website where investors can download information about the proposed offer

www.mgcpharma.com.au

4F.4 Any other information the entity wishes to provide about the proposed offer

Free attaching options to be issued under the Company's available LR 7.1 capacity following lodgement of a prospectus.



Part 7 - Details of proposed placement or other issue

Part 7A - Conditions

7A.1 - Are any of the following approvals required for the placement or other type of issue?

- **+Security holder approval**
- **Court approval**
- **Lodgement of court order with +ASIC**
- **ACCC approval**
- **FIRB approval**
- **Another approval/condition external to the entity**

No

Part 7B - Issue details

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?

Existing class

Will the proposed issue of this +security include an offer of attaching +securities?

No

Details of +securities proposed to be issued

ASX +Security Code and Description

MXC : ORDINARY FULLY PAID

Maximum Number of +securities proposed to be issued

31,250,000

Purpose of the issue

The net proceeds raised under the Placement will be applied towards funding the immediate production and future production for its cannabinoid based medicines to fulfil current and future sales orders including CannEpi[®], CogniCann[®], and MP100 in Australia, Europe and Latin America, the ongoing operating expenses of the Company, and general working capital requirements.

Offer price details for retail security holders

In what currency is the cash consideration being paid?

AUD - Australian Dollar

What is the issue price per +security?

AUD 0.03200



Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class?

Yes

Oversubscription & Scale back details

May a scale back be applied to this event?

No

Part 7C - Timetable

7C.1 Proposed +issue date

Friday February 21, 2020

Part 7D - Listing Rule requirements

7D.1 Has the entity obtained, or is it obtaining, +security holder approval for the issue under listing rule 7.1?

No

7D.1b Are any of the +securities proposed to be issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1?

Yes

7D.1b (i) How many +securities are proposed to be issued without security holder approval using the entity's 15% placement capacity under listing rule 7.1?

Placement: 31,250,000 ORD shares

7D.1c Are any of the +securities proposed to be issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A (if applicable)?

No

7D.2 Is a party referred to in listing rule 10.11.1 participating in the proposed issue?

No

7D.3 Will any of the +securities to be issued be +restricted securities for the purposes of the listing rules?

No

7D.4 Will any of the +securities to be issued be subject to +voluntary escrow?

No

Part 7E - Fees and expenses

7E.1 Will there be a lead manager or broker to the proposed issue?

No



7E.2 Is the proposed issue to be underwritten?

No

7E.4 Details of any other material fees or costs to be incurred by the entity in connection with the proposed issue

Nil

Part 7F - Further Information

7F.1 Will the entity be changing its dividend/distribution policy if the proposed issue proceeds?

No

7F.2 Any other information the entity wishes to provide about the proposed issue

Nil