

16 March 2020
ASX Code: MXC

Operational Update and Share Purchase Plan Completion

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MGC Pharmaceuticals Limited (ASX: MXC, 'MGC Pharma' or 'the Company'), a European based 'Seed to Medicine' bio-pharma company specialising in the production and development of phytocannabinoid-derived medicines, announces the results following the closure of the Share Purchase Plan ('SPP') on 12 March 2020. The Company received valid applications for a total of A\$1,142,460 pursuant to the terms of the SPP announced on 17 February 2020.

The SPP, in combination with the recently announced strategic placement (which was completed on 25 February 2020 at 3.2c per share), has raised a total of A\$2,142,460 from a maximum of A\$4,000,000. The Board is very pleased with this result and the support received from shareholders, especially against the unprecedented volatility in capital markets in recent weeks due to COVID-19 virus outbreak.

The shares subscribed for under the SPP will be issued on 18 March 2020. The free attaching options (one option for every two shares subscribed for, exercisable at A\$0.045 on or before 31 August 2021), are to be issued in the near future under a prospectus as set out in the Offer documentation.

The total funds raised under the SPP and placement will be used to fund the operations of the Company and the immediate required production to fill current and ongoing orders for the Company's cannabinoid-based medicines including CannEpil®, CogniCann® and MP100 in Australia, Europe and Latin America, the ongoing operating expenses of the Company and general working capital.

The Australian-based directors Mr Mitchell and Dr Walker participated in the SPP. Overseas-based directors were ineligible to participate in the SPP.

Operations Update

The Company's EU Good Manufacturing Practice ('GMP') compounding and manufacturing facility in Slovenia has recently completed its GMP audit review. The Company now expects to receive formal written GMP status renewal confirmation in the coming weeks from the regulatory authority.

Europe is currently experiencing unprecedented disruption as a result of the COVID-19 virus outbreak, resulting in significant instability and uncertainty. With the core of the Company's operations, executive management, and key personnel based in Europe, the Company is vigilantly monitoring the situation and the health of our staff.

The Company takes its responsibility to shareholders, staff, and partners very seriously and will continue to assess any potential impact to operations and forward planning as the situation regarding COVID-19 evolves. We have implemented appropriate policies to protect and best manage the health of our staff in Europe. The Company has experienced minor disruptions to parts of its raw materials supply chain, which is being managed on a daily basis to mitigate any disruption to manufacturing operations.

MGC remains focussed on maintaining a strong balance sheet, and will reduce costs where appropriate, including salary and cost reductions for executive management and key personnel.

Receipt of Onix down payment

As announced 3 March 2020, MGC executed a binding amendment to the supply and distribution agreement with ONIX Empreendimentos e Participações ('ONIX'). MGC confirms receipt of ~A\$107,000, which was the down payment on the first purchase order of 4,000 units, which has a total value of ~A\$330,000. The MGC team are working with Onix to complete the registration documentation for all of MGC's cannabinoid medicine products for formal approval from Anvisa, the Brazilian National Health Surveillance Agency and regulatory authority.

First Shipment of CannEpi[®] to Ireland

The Company has manufactured and will shortly despatch its first units of CannEpi[®], MGC Pharma's Investigational Medicinal Product ('IMP') formulated to treat drug resistant epilepsy, to patients in Ireland.

In connection with the delivery of CannEpi[®] following the first prescriptions in Ireland, the Company received import approval for CannEpi[®] from the Irish Health Products Regulatory Authority ('HPRA'). This follows the Company receiving one of the first approvals granted for the sale of medicinal cannabis products from the HPRA under the Medical Cannabis Access Programme, as announced in December 2019.

Product is expected to be delivered from MGC's EU-GMP certified production facility in Slovenia into Ireland by the end of March 2020, subject to the necessary export permit being issued in Slovenia. Following this first shipment, the Company expects to see continued increase in product demand in Ireland and elsewhere in the European Union.

Mercury Pharma Line

MGC announced on 21 February 2020 that it had received an 85% increase to its January purchase order volume, from 2,000 to 3,700 units for the immediate production and delivery of its Mercury Pharma line of proprietary prescription medicinal products. The first 2,000 bottles of MP100 has been manufactured for the Australian market and is due for export from Slovenia.

The Mercury Pharma line has been developed to deliver a cost focused medicine for Australian and New Zealand patients, and is already receiving strong patient demand. Upon delivery, this order will more than doubling the number of prescriptions issued to date, to over 4,500. The increased order volume demonstrates the immediate market demand for the affordable Mercury Pharma line of products from patients in Australia and New Zealand.

Commencement of CogniCann[®] Trials

The first patients commenced treatment last week in MGC's Phase II Clinical Trial in partnership with the University of Notre Dame Australia in Perth, Western Australia (the 'Trial'). The Trial will evaluate the effects of CogniCann[®], which has been developed with the specific aim to treat the symptoms associated with dementia and Alzheimer's disease by the Company's Clinical Advisory and Research team.

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About MGC Pharma

MGC Pharmaceuticals Ltd (ASX: MXC, OTCQB: MGCLF) is a European based bio-pharma company developing and supplying affordable standardised phytocannabinoid derived medicines to patients globally. The Company's founders were key figures in the global medical cannabis industry and the core business strategy is to develop and supply high quality phytocannabinoid derived medicines for the growing demand in the medical markets in Europe, North America and Australasia. MGC Pharma has a robust product offering targeting two widespread medical conditions – epilepsy and dementia – and has further products in the development pipeline.

Employing its 'Seed to Medicine' strategy, MGC Pharma has partnered with renowned institutions and academia to optimise cultivation and the development of targeted phytocannabinoid derived medicines products prior to production in the Company's EU-GMP Certified manufacturing facility. MGC Pharma has a number of research collaborations with world renowned academic institutions, and recent research conducted in collaboration with the National Institute of Biology and University Medical Centre Ljubljana, highlighted the positive impact of using specific phytocannabinoid formulations in the treatment of glioblastoma, the most aggressive and so far therapeutically resistant primary brain tumour.

MGC Pharma has a growing patient base in Australia, the UK, Brazil and Ireland and has a global distribution footprint via an extensive network of commercial partners meaning that it is poised to supply the global market. In order to meet the demands of becoming a key global supplier the company is constructing a 15,720m² GMP state of the art facility in Malta.

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