MGC PHARMACEUTICALS LTD

ACN 116 800 269

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME:	2.30pm (WST)
DATE:	Thursday, 2 July 2020
PLACE:	QV1 Conference Centre QV1 Level 2 250 St Georges Tce Perth WA 6000

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on Tuesday 30 June 2020.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES TO O.T. CAPITAL MODIIN LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 31,250,000 Shares on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely O.T. Capital Modiin Ltd) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

(a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

  (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

  (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO SPP PARTICIPANTS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 20,415,835 Options on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely SPP Participants) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

(a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

  (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

  (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES TO SECONDARY PLACEMENT PARTICIPANTS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 129,630,000 Shares on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely Secondary Placement Participants) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

(a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

  (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

  (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO SECONDARY PLACEMENT PARTICIPANTS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 64,815,000 Options on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely Secondary Placement Participants) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

(a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

  (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

  (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES TO CANACCORD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,296,296 Shares on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely Canaccord) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

(a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

    (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

    (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES TO CANNVALATE PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

> *"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 4,411,765 Shares on the terms and conditions set out in the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely Cannvalate Pty Ltd) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

(a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or

(b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

    (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and

    (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. RESOLUTION 7 – ISSUE OF OPTIONS TO MR BRETT MITCHELL – RELATED PARTY PARTICIPATION IN SPP

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 555,554 Options to Mr Brett Mitchell (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr Brett Mitchell (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
However, this does not apply to a vote cast in favour of a resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
(b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the Chair decides; or
(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
    (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
    (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8. RESOLUTION 8 – ISSUE OF OPTIONS TO DR ROSS WALKER – RELATED PARTY PARTICIPATION IN SPP

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 185,185 Options to Dr Ross Walker (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Dr Ross Walker (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons.
However, this does not apply to a vote cast in favour of a resolution by:

(a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
(b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the Chair decides; or
(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
    (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
    (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated: 29 May 2020

By order of the Board

Rachel Kerr
Company Secretary

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (2) proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Voting in person

To vote in person, Shareholders are able to attend the Meeting at the time, date and place set out above. In light of on the status of the evolving COVID-19 situation and easing of Government restrictions on public gatherings in place at the time of the Notice and the number of Shareholders that normally attend Shareholder meetings for the Company the Directors have made a decision that Shareholders will be able to physically attend the Meeting in person and accordingly, have arranged an appropriate meeting venue. If the Government restrictions and corresponding decision of the Director's changes prior to the Meeting the Directors will update Shareholders via the Company's ASX platform.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6382 3390.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES TO O.T. CAPITAL MODIIN LTD

1.1 General

On 26 February 2020, the Company issued 31,250,000 Shares at an issue price of $0.032 per Share to raise $1,000,000. The Shares were issuesd pursuant to a strategic placement to O.T. Capital Modiin Ltd, details of which were announced by the Company on 17 February 2020.

The Shares were issued without Shareholder approval, pursuant to the Company's placement capacity under Listing Rule 7.1.

1.2 Listing Rules 7.1 and 7.1A

Broadly speaking, and subject to a number of exceptions set out in Listing Rule 7.2 (**Exceptions**), Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company obtained approval to increase its limit to 25% at the annual general meeting held on 29 November 2019.

The issue of the Shares does not fit within any of the Exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Shares.

1.3 Listing Rule 7.4

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

Accordingly, Resolution 1 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Shares.

1.4 Technical information required by Listing Rule 14.1A

If Resolution 1 is passed, the Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue with Shareholder approval over the 12 month period following the date of issue of the Shares.

If Resolution 1 is not passed, the Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Shares.

1.5 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 1:

(a) the Shares were issued to O.T. Capital Modiin Ltd, who is not a related party of the Company;

(b) 31,250,000 Shares were issued and the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(c) the Shares were issued on 26 February 2020;

(d) the issue price was $0.032 per Share. The Company has not and will not receive any other consideration for the issue of the Shares;

(e) the purpose of the issue of the Shares was to raise $1,000,000, which is proposed to be applied towards the immediate and future production for the Company's cannabinoid based medicines to fulful current and future sales orders indlucing CannEpil®, CogniCann®, and MP100 in Australia, Europe and Latin America, the ongoing operating expenses of the Company, and general working capital requirements;

(f) the Shares were not issued under an agreement; and

(g) a voting exclusion statement is included in Resolution 1 of the Notice.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OPTIONS TO SPP PARTICIPANTS

2.1 General

On 18 March 2020, the Company issued 42,313,301 Shares pursuant to a share purchase plan (**SPP**) at an issue price of $0.027 per Share, raising $1.142 million. Further details with respect to the SPP are set out in the Company's ASX announcement dated 17 February 2020.

On 12 May 2020, the Company issued 20,415,835 free-attaching Options to non-related party participants in the SPP (**SPP Participants**), on the basis of one (1) Option for every (2) Shares subscribed for and issued under the SPP (exercisable at $0.045 each, on or before 5:00pm (WST) on 31 August 2021).

The Options were issued without Shareholder approval, pursuant to the Company's placement capacity under Listing Rule 7.1.

A summary of Listing Rules 7.1 and 7.4 are set out above in Sections 1.2 and 1.3 respectively.

The issue of the Options does not fit within any of the Exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Options.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

Accordingly, Resolution 2 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Options.

2.2 Technical information required by Listing Rule 14.1A

If Resolution 2 is passed, the Options will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue with Shareholder approval over the 12 month period following the date of issue of the Options.

If Resolution 2 is not passed, the Options will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Options.

2.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 2:

(a) the Options were issued to SPP Participants. None of the recipients are related parties of the Company;

(b) 20,415,835 Options were issued on the terms and conditions set out in Schedule 2;

(c) the Options were issued on 12 May 2020;

(d) no funds were raised from the issue of the Option as the Options were issued as free-attaching Options on the basis of one (1) Option for every (2) Shares subscribed for and issued under the SPP. The Company has not and will not receive any other consideration for the issue of the Options (other than in respect of funds received on any exercise of the Options);

(e) the Options were not issued under an agreement; and

(f) a voting exclusion statement is included in Resolution 2 of the Notice.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES TO SECONDARY PLACEMENT PARTICIPANTS

3.1 General

On 4 May 2020, the Company issued 129,630,000 Shares to professional and sophisticated investors (**Secondary Placement Participants**), at an issue price of $0.027 per Share to raise $3,500,000 (**Secondary Placement**). Further details with respect to the Secondary Placement are set out in the Company's ASX announcement dated 28 April 2020.

The Shares were issued without Shareholder approval pusuant to Listing Rule 7.1A.

A summary of Listing Rules 7.1 and 7.1A is set out above in Section 1.2. A summary of Listing Rule 7.4 is set out above in Section 1.3.

The issue of the Shares does not fit within any of the Exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Shares.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

Accordingly, Resolution 3 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Shares.

3.2 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue with Shareholder approval over the 12 month period following the date of issue of the Shares.

If Resolution 3 is not passed, the Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Shares.

3.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 3:

(a) a total of 129,630,000 Shares were issued to professional and sophisticated investors who are clients of Canaccord. The recipients were identified through a bookbuild process, which involved Canaccord seeking expressions of interest to participate in the capital raising from non-related parties of the Company. None of the recipients are related parties of the Company;

(b) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(c) the Shares were issued on 4 May 2020;

(d) the issue price was $0.027 per Share. The Company has not and will not receive any other consideration for the issue of the Shares;

(e) the purpose of the issue was to raise $3,500,000, which is proposed to be applied towards the production for the Company's cannabinoid-based medicines to fulfil current and future sales orders, to progress the Company's clinical trials for ArtemiC to be tested on patients diagnosed with COVID-19, including the product development of ArtemiC for commercial production and supply and for general working capital;

(f) the Shares were not issued under an agreement; and

(g) a voting exclusion statement is included in Resolution 3 of the Notice.

4. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO SECONDARY PLACEMENT PARTICIPANTS

4.1 General

On 12 May 2020, the Company issued a total of 64,815,000 Options (on the terms and conditions set out in Schedule 2) to Secondary Placement Participants on the basis of 1) free-attaching Option for every two (2) Shares subscribed for and issued under the Secondary Placement.

The Options were issued without Shareholder approval, pursuant to the Company's placement capacity under Listing Rule 7.1.

A summary of Listing Rules 7.1 and 7.4 are set out above in Sections 1.2 and 1.3 respectively.

The issue of the Options does not fit within any of the Exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Options.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

Accordingly, Resolution 4 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Options.

4.2 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Options will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue with Shareholder approval over the 12 month period following the date of issue of the Options.

If Resolution 4 is not passed, the Options will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Options.

4.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 4:

(a) the Options were issued to Secondary Placement Participants. The recipients were identified through a bookbuild process, which involved Canaccord seeking expressions of interest to participate in the capital raising from non-related parties of the Company. None of the recipients are related parties of the Company;

(b) 64,815,000 Options were issued and the Options were issued on the terms and conditions set out in Schedule 2;

(c) the Options were issued on 12 May 2020;

(d) no funds were raised from the issue of the Option as the Options were issued as free-attaching Options on the basis of one (1) Option for every (2) Shares subscribed for and issued under the Secondary Placement. The Company has not and will not receive any other consideration for the issue of the Options (other than in respect of funds received on any exercise of the Options); and

(e) the Options were not issued under an agreement; and

(f) a voting exclusion statement is included in Resolution 4 of the Notice.

5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES TO CANACCORD

5.1 General

On 4 May 2020 the Company issued a total of 1,296,296 Shares to CG Nominees (Australia) Pty Ltd, a nominee of Canaccord, as part consideration for services provided to the Company as lead manager to the Secondary Placement.

The Shares were issued without Shareholder approval, pursuant to the Company's placement capacity under Listing Rule 7.1.

A summary of Listing Rules 7.1 and 7.4 are set out above in Sections 1.2 and 1.3 respectively.

The issue of the Shares does not fit within any of the Exceptions and, as it has not yet been approved by Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Shares.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

Accordingly, Resolution 5 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Shares.

5.2 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, the Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue with Shareholder approval over the 12 month period following the date of issue of the Shares.

If Resolution 5 is not passed, the Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Shares.

5.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 5:

(a) the Shares were issued to CG Nominees (Australia) Pty Ltd, a nominee of Canaccord, who is not a related party of the Company;

(b) 1,296,296 Shares were issued and the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(c) the Shares were issued on 4 May 2020;

(d) the Shares were issued at a nil issue price, in part consideration for services provided to the Company by Canaccord in their capacity as lead manager to the Secondary Placement. The Company has not and will not receive any other consideration for the issue of the Shares;

(e) the Shares were issued under a mandate between the Company and Canaccord, the material terms of which are set out in Section 1.1 of Schedule 1; and

(f) a voting exclusion statement is included in Resolution 5 of the Notice.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES TO CANNVALATE

6.1 General

As announced on 23 December 2019, the Company issued 4,411,765 Shares to Cannvalate Pty Ltd (ACN 625 982 756) (**Cannvalate**) as part consideration for services provided to the Company, including statistical data collection which is required for the Company's marketing authorisation registration of its products.

The Shares were issued without Shareholder approval, pursuant to the Company's placement capacity under Listing Rule 7.1.

A summary of Listing Rules 7.1 and 7.4 are set out above in Sections 1.2 and 1.3 respectively.

6.2 Technical information required by Listing Rule 14.1A

If Resolution 6 is passed, the Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue with Shareholder approval over the 12 month period following the date of issue of the Cannvalate Shares.

If Resolution 6 is not passed, the Shares will be included in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Shares.

6.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 6:

(a) the Shares were issued to Cannvalate, who is not a related party of the Company;

(b) 4,441,765 Shares were issued and the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

(c) the Shares were issued on 23 December 2019;

(d) the Shares were issued in consideration for services provided to the Company, including statistical data collection which is required for the Company's marketing authorisation registration of its products, and as such, no funds were raised from the issue;

(e) the Shares were issued to Cannvalate under a services agreement, a summary of which is set out in section 1.2 of Schedule 1; and

(f) a voting exclusion statement is included in Resolution 6 of the Notice.

7. RESOLUTIONS 7 AND 8 – ISSUE OF OPTIONS TO RELATED PARTIES PURSUANT TO SPP

7.1 General

Pursuant to Resolution 4, the Company is seeking Shareholder approval to ratify the issue of 20,415,835 Options to the non-related party participants in the SPP, on the basis of (1) Option for every (2) Shares subscribed for and issued under the SPP exercisable at $0.045 each, on or before 5:00pm (WST) on 31 August 2021).

Directors, Brett Mitchell and Ross Walker (or their respective nominees) participated in the SPP and accordingly, are eligible to receive 1 free-attaching Option for every 2 Shares they subscribed for under the SPP.

Resolutions 7 and 8 seek Shareholder approval for the issue of a total of 740,739 Options to Brett Mitchell and Ross Walker (or their respective nominees), comprising:

(a) 555,554 Options to Mr Mitchell, the subject of Resolution 7; and

(b) 185,185 Options to Dr Walker, the subject of Resolution 8,

arising from their participation in the SPP (**Participation**).

7.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Options which constitutes giving a financial benefit and Mr Mitchell and Dr Walker are related parties of the Company by virtue of being Directors.

The Directors (other than Mr Mitchell in relation to Resolution 7 and Dr Walker in relation to Resolution 8 due to their material personal interest in those Resolutions) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Options will be issued to and Mr Mitchell and Dr Walker (or their respective nominees) on the same terms as Options issued to non-related party participants in the SPP and as such, the giving of the financial benefit is on arm's length terms.

7.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

10.11.1 a related party;

10.11.2 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;

10.11.3 a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;

10.11.4 an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or

10.11.5 a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The Participation falls within Listing Rule 10.11.1 and does not fall within any of the exceptions in Listing Rule 10.12. It therefore requires the approval of Shareholders under Listing Rule 10.11.

7.4 Technical information required by Listing Rule 14.1A

If Resolutions 7 and 8 are passed, the Company will be able to proceed with the issue of the Shares under the Participation within one month after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the issue of the Options in respect of the Participation (because approval is being obtained under Listing Rule 10.11), the issue of the Options will not use up any of the Company's 15% annual placement capacity.

If Resolutions 7 and 8 are not passed, the Company will not be able to proceed with the issue of the Options under the Participation.

7.5 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to Resolutions 7 and 8:

(a) a total of 740,740 Options will be issued, comprising:

   (i) 555,554 Options to Brett Mitchell (or his nominee), the subject of Resolution 7; and

   (ii) 185,185 Options to Ross Walker (or his nominee), the subject of Resolution 8,

   and each of Mr Mitchell and Dr Walker are a related party of the Company by virtue of being a Director and therefore fall within the category set out in Listing Rule 10.11.1;

(b) the Options issued will be issued on the terms and conditions set out in Schedule 2 of this Notice;

(c) the Options will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Options will be issued on the same date;

(d) the Options are being issued for nil cash consideration as free attaching to the Shares issued to Mr Mitchell and Dr Walker under the SPP, on a one for two basis (which is the same entitlement as other non-related party participants in the SPP). The Company has not and will not receive any other consideration for the issue of the Options (other than in respect of funds received on any exercise of the Options);

(e) the Options to be issued pursuant to Resolutions 7 and 8 are not intended to remunerate or incentivise the Mr Mitchell and Dr Walker;

(f) the Options are not being issued under an agreement; and

(g) a voting exclusion statement is included in Resolutions 7 and 8 of the Notice.

GLOSSARY

$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Canaccord means Canaccord Genuity (Australia) Limited.

Chair means the chair of the Meeting.

Company means MGC Pharmaceuticals Ltd (ACN 116 800 269).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Listing Rules means the Listing Rules of ASX.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share with the terms and conditions set out in Schedule 2.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – CONTRACT SUMMARIES

1.1 Lead Manager Mandate

On 23 April 2020, the Company entered into a mandate to appoint Canaccord as lead manager to the Secondary Placement.

Under the mandate, the Company has agreed to pay Canaccord:

(a) a management fee of 2% of the total gross proceeds received by the Company under the Secondary Placement, with 50% paid in cash and 50% paid in Shares (at a deemed issue price of $0.027 per Share); and

(b) a capital raising fee of 5% of the total gross proceeds received by the Company under the Secondary Placement.

The Company also agreed to reimburse Canaccord for all reasonable out of pocket expenses incurred in connection with the Secondary Placement.

For a period of 12 months from the execution of the mandate, if the Company undertakes an equity, hybrid, or debt capital raising, or any merger or acquisition transaction (**Subsequent Engagement**), the Company agrees to offer Canaccord the opportunity to act as sole and exclusive lead manager or advisor (as applicable) to the Subsequent Engagement and will pay to Canaccord a fee to be agreed between the Company and Canaccord.

Otherwise, the mandate contains customary terms and conditions.

1.2 Services Agreement

The Company has entered into a services agreement with Cannvalate whereby Cannvalate will provide the Company with certain services required for the Company's marketing authorisation registration of its products, commencing on 1 August 2019 and completing on 30 June 2020 (**Services Agreement**).

Under the Services Agreement, the Company agreed to pay Cannvalate a monthly fee with 50% paid in Shares (at a deemed issue price based on the average price per Share for the 30 days preceding the issue).

The Services Agreement was terminated on 1 February 2020 with a new commercial agreement currently being finalised with Cannvalate for provision of ongoing services as one of the Company's pharmaceutical distributers in Australia.

SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be $0.045 (**Exercise Price**)

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 31 August 2021 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within five Business Days after the Exercise Date, the Company will:

(i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

(ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

(iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

mgc pharma

ABN 30 116 800 269

Need assistance?

Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)

Online:
www.investorcentre.com/contact

MXC

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **2:30pm (WST) Tuesday, 30 June 2020.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE MEETING

If you are attending in person, please bring this form with you to assist registration.

Corporate Representative
If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is

Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of MGC Pharmaceuticals Ltd hereby appoint

☐ **the Chairman of the Meeting** **OR** ______________________

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of MGC Pharmaceuticals Ltd to be held at QV1 Conference Centre, QV1 Level 2, 250 St Georges Terrace, Perth, Western Australia on Thursday, 2 July 2020 at 2:30pm (WST) and at any adjournment or postponement of that meeting.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	Ratification of Prior Issue of Shares to O.T. Capital Modiin Ltd	☐	☐	☐
2	Ratification of Prior Issue of Options to SPP Participants	☐	☐	☐
3	Ratification of Prior Issue of Shares to Secondary Placement Participants	☐	☐	☐
4	Ratification of Prior Issue of Options to Secondary Placement Participants	☐	☐	☐
5	Ratification of Prior Issue of Shares to Canaccord	☐	☐	☐
6	Ratification of Prior Issue of Shares to Cannvalate Pty Ltd	☐	☐	☐
7	Issue of Options to Mr Brett Mitchell – Related Party Participation in SPP	☐	☐	☐
8	Issue of Options to Dr Ross Walker – Related Party Participation in SPP	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s)

This section must be completed.

Individual or Securityholder 1	Securityholder 2	Securityholder 3	
			/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

Mobile Number	Email Address

computershare