

12 August 2020

ASX Code: MXC

Issue of Securities

A
S
X

R
E
L
E
A
S
E

MGC Pharmaceuticals Ltd (ASX: MXC, 'MGC Pharma' or 'the Company'), advises that as part of its announced Covid-19 cost cuts and cashflow management strategy to minimise operating cash expenditure, the Company has finalised agreements with unrelated parties including employees, consultants and a number of key suppliers to settle payments due for services provided to the Company during 2020 with ordinary shares in lieu of cash payments. These shares will be issued under the Company's 7.1 placement capacity.

The Company has agreed to settle these outstanding payments at a deemed issue price per share of 2.2 cents, based off the volume weighted average price per MXC share for the month of June. As agreed, the Company will today issue 14.4m shares in lieu of cash payments for services provided by key suppliers.

In addition, and further to the announcements on 6 April and 29 April 2020 the employees and consultants who are unrelated parties agreed to take shares in lieu of cash payment for salaries pertaining to the period of October 2019-June 2020, and for year-end performance bonuses. The Company will issue 28.3m shares to employees and consultants for contracted services provided to 30 June 2020, at a deemed issue price per share of 2.2 cents, based off the volume weighted average price per MXC share for the month of June.

The Company has lodged a cleansing prospectus with ASIC ("Prospectus") to remove any trading restrictions attaching to these shares. The Prospectus will also contain further details with respect to the proposed issues.

Conversion of Performance Rights previously vested in December 2019

Following the vesting of 2.5m Performance Rights held by Executive Chairman Brett Mitchell and 2.5m Performance Rights held by Managing Director Roby Zomer in 31 December 2019 upon meeting the vesting hurdles and as previously approved by shareholders, the Company will also convert these performance rights into ordinary shares today under the Prospectus.

--Ends--

Authorised for release by the Board, for further information please contact:

PR/IR Advisors – Media & Capital Partners

Melissa Hamilton (PR) +61 417 750 274

Rod Hinchcliffe (IR) +61 412 277 377

Melissa.Hamilton@mcpartners.com.au

Rod.Hinchcliffe@mcpartners.com.au

MGC Pharmaceuticals Ltd

Brett Mitchell

Executive Chairman

+61 8 6382 3390

info@mgcpharma.com.au

About MGC Pharma

MGC Pharmaceuticals Ltd (ASX: MXC) 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 'Nature 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 including recent research highlighting the positive impact of using specific phytocannabinoid formulations developed by MGC Pharma 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.

Follow us through our social media channels    