

6 October 2016

ASX Code: MXC

## Issue and Quotation of Listed Options from Capital Raisings

The Board of MGC Pharmaceuticals Ltd (ASX: MXC or “the Company”) confirms that following approval by shareholders at the General Meeting held on 27 September 2016, the Company is today issuing 56,818,380 Listed Options exercisable at \$0.065 expiring 30 June 2019 pursuant to its completed capital raisings, and the Company is formally applying for quotation of this new class of securities with the ASX.

These Listed Options are being issued as free attaching options to the shares issued under the Prospectuses and Supplementary Prospectus lodged in May 2016 and pursuant to the terms and conditions of the completed capital raisings. Under the Prospectuses, one (1) free attaching Listed Option was to be issued for every three (3) shares issued.

An Appendix 3B is attached for the quotation and issue of Listed Options. It will take approximately three business days for the options to be quoted.

-Ends-

### For further information, please contact:

#### Media Enquiries

Andrew Ramadge  
Account Director  
Media and Capital Partners  
+61 475 797 471  
[andrew.ramadge@mcpartners.com.au](mailto:andrew.ramadge@mcpartners.com.au)

#### MGC Pharmaceuticals Ltd

Brett Mitchell  
Executive Chairman  
+61 8 9389 2000  
[info@mgcpharma.com.au](mailto:info@mgcpharma.com.au)

### About MXC

MGC Pharmaceuticals Ltd (ASX: MXC) is EU based specialist medical cannabis company with many years of technical and commercial experience in the medical cannabis industry. The Company’s founders were key figures in the Israeli medical cannabis industry and the core business strategy is to develop and supply high quality non-psychoactive Cannabidiol (CBD) resin extract to the growing demand in cosmetics and medical markets in Europe, North America and Australasia. The Company is also developing strategic joint ventures in these key value add industries, as demonstrated with MGC Derma CBD cosmetics.

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

MGC Pharmaceuticals Ltd

ABN

30 116 800 269

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |   |   |
|---|---|---|
| 1 | +Class of +securities issued or to be issued  | Listed Options exercisable at \$0.065 each expiring on or before 30 June 2019 |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued   | 56,818,380  |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Listed Options exercisable at \$0.065 each expiring on or before 30 June 2019 |

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+ See chapter 19 for defined terms.

4	Do the <sup>+</sup> securities rank equally in all respects from the <sup>+</sup> issue date with an existing <sup>+</sup> class of quoted <sup>+</sup> securities?	No – the Listed Options form a new class of securities. Upon exercise of the Options new fully paid ordinary shares issued will rank equally in all respects with existing fully paid ordinary shares.
	If the additional <sup>+</sup> securities do not rank equally, please state:	
	<ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	
5	Issue price or consideration	Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Nil – the Listed Options are being issued as free attaching options to the Placement and Priority Offer shares issued in May 2016 as detailed in Placement Prospectus dated 4 May 2016, Supplementary Prospectus dated 11 May 2016 and Priority Offer Prospectus 16 May 2016.
6a	Is the entity an <sup>+</sup> eligible entity that has obtained security holder approval under rule 7.1A?	Yes
	If Yes, complete sections 6b – 6h <i>in relation to the <sup>+</sup>securities the subject of this Appendix 3B</i> , and comply with section 6i	
6b	The date the security holder resolution under rule 7.1A was passed	30 November 2015
6c	Number of <sup>+</sup> securities issued without security holder approval under rule 7.1	0
6d	Number of <sup>+</sup> securities issued with security holder approval under rule 7.1A	0
6e	Number of <sup>+</sup> securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	56,818,380 Approved at the General Meeting held 27 September 2016
6f	Number of <sup>+</sup> securities issued under an exception in rule 7.2	N/A

6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A								
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A								
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	137,843,978 under rule 7.1 91,895,985 under rule 7.1A								
7	<p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	6 October 2016								
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="790 1142 997 1176">Number</th> <th data-bbox="1005 1142 1386 1176">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="790 1176 997 1220">702,613,155</td> <td data-bbox="1005 1176 1386 1220">Fully Paid Ordinary Shares</td> </tr> <tr> <td data-bbox="790 1220 997 1265">13,000,000</td> <td data-bbox="1005 1220 1386 1265">VHL Ordinary Shares</td> </tr> <tr> <td data-bbox="790 1265 997 1310">56,818,380</td> <td data-bbox="1005 1265 1386 1310">Listed Options exercisable at \$0.065 expiring 30/06/2019</td> </tr> </tbody> </table>	Number	+Class	702,613,155	Fully Paid Ordinary Shares	13,000,000	VHL Ordinary Shares	56,818,380	Listed Options exercisable at \$0.065 expiring 30/06/2019
Number	+Class									
702,613,155	Fully Paid Ordinary Shares									
13,000,000	VHL Ordinary Shares									
56,818,380	Listed Options exercisable at \$0.065 expiring 30/06/2019									

+ See chapter 19 for defined terms.

	Number	+Class	
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	63,346,700	Fully Paid Ordinary Shares – subject to escrow until 23 February 2018
		140,000,000	Fully Paid Ordinary Shares – subject to escrow until 15 February 2017
		30,000,000	Performance Shares – subject to escrow until 23 February 2018
		70,000,000	Performance Shares – subject to escrow until 15 February 2017
		4,000,000	Unlisted Options exercisable at \$0.025 each on or before 30 June 2017
		8,750,000	Unlisted Options exercisable at \$0.04 each on or before 30 June 2017
		4,000,000	Unlisted Options exercisable at \$0.20 each on or before 30 June 2017
		1,000,000	Unlisted Options exercisable at \$0.30 each on or before 23 January 2018
		500,000	Unlisted Options exercisable at \$0.35 each on or before 23 January 2018
		500,000	Unlisted Options exercisable at \$0.40 each on or before 23 January 2018
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Company does not have a dividend policy	

## Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A

17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A

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+ See chapter 19 for defined terms.

- 30 How do security holders sell their entitlements *in full* through a broker?
- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Issue date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of +securities  
(tick one)

(a)  +Securities described in Part 1

(b)  All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional +securities

## Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought	N/A					
39	+Class of +securities for which quotation is sought	N/A					
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ol style="list-style-type: none"> <li>1. the date from which they do</li> <li>2. the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>3. the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ol>	N/A					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	N/A					
42	Number and +class of all +securities quoted on ASX ( <i>including</i> the +securities in clause 38)	<table border="1"> <thead> <tr> <th data-bbox="805 1388 1101 1422">Number</th> <th data-bbox="1109 1388 1401 1422">+Class</th> </tr> </thead> <tbody> <tr> <td colspan="2" data-bbox="805 1422 1401 1612">N/A</td> </tr> </tbody> </table>	Number	+Class	N/A		
Number	+Class						
N/A							

+ See chapter 19 for defined terms.



**Quotation agreement**

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: ..... Date: 6 October 2016  
(Company Secretary)

Print name: Rachel Kerr

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# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>Insert</b> number of fully paid <sup>+</sup> ordinary securities on issue 12 months before the <sup>+</sup> issue date or date of agreement to issue	507,586,552 Ordinary Fully Paid Shares
<p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid <sup>+</sup>ordinary securities issued in that 12 month period under an exception in rule 7.2</li> <li>• Number of fully paid <sup>+</sup>ordinary securities issued in that 12 month period with shareholder approval</li> <li>• Number of partly paid <sup>+</sup>ordinary securities that became fully paid in that 12 month period</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	15 February 2016 – 203,846,700 Ordinary Fully Paid Shares 9 May 2016 – 29,750,000 Ordinary Fully Paid Shares 12 May 2016 – 115,636,384 Ordinary Fully Paid Shares 31 May 2016 – 56,818,370 Ordinary Fully Paid Shares 23 June 2016 – 5,000,000 Ordinary Fully Paid Shares 12 August 2016 – 321,849 Ordinary Fully Paid Shares
<b>Subtract</b> the number of fully paid <sup>+</sup> ordinary securities cancelled during that 12 month period	Nil
<b>“A”</b>	918,959,855

+ See chapter 19 for defined terms.

<b>Step 2: Calculate 15% of "A"</b>	
<b>"B"</b>	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply "A" by 0.15</b>	137,843,978
<b>Step 3: Calculate "C", the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><b>Insert</b> number of <sup>+</sup>equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	0
<b>"C"</b>	0
<b>Step 4: Subtract "C" from ["A" x "B"] to calculate remaining placement capacity under rule 7.1</b>	
<p>"A" x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	137,843,978
<p><b>Subtract "C"</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>	0
<b>Total ["A" x 0.15] – "C"</b>	137,843,978 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b> <i>Note: number must be same as shown in Step 1 of Part 1</i>	918,959,855
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10 <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	91,895,985
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of <sup>+</sup> equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	0
<b>“E”</b>	0
<b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b>	
<b>“A” x 0.10</b> <i>Note: number must be same as shown in Step 2</i>	91,895,985
<b>Subtract “E”</b> <i>Note: number must be same as shown in Step 3</i>	0
<b>Total [“A” x 0.10] – “E”</b>	91,895,985 <i>[Note: this is the remaining placement capacity under rule 7.1A]</i>

+ See chapter 19 for defined terms.

## Top 20 and Distribution Schedule for Listed Options

HOLDER	TOTAL SECURITIES	PERCENTAGE (%)
1. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	4,172,940	7.34
2. THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	3,787,879	6.67
3. WESTBOURNE ASSET MANAGEMENT PTY LTD <MILARM FAMILY A/C>	1,384,849	2.44
4. HAYDOS CORPORATION PTY LTD	1,366,667	2.41
5. HIRSCH FINANCIAL PTY LTD	1,033,334	1.82
6. TKPJ PTY LTD	1,000,000	1.76
7. MR BIN LIU	993,340	1.75
8. MAGAURITE PTY LTD <PETER NELSON SUPER FUND A/C>	984,849	1.73
9. ZERO NOMINEES PTY LTD	890,000	1.57
10. DEMASIADO PTY LTD <DEMASIADO FAMILY A/C>	762,418	1.34
11. DRM TECHNOLOGIES PTY LTD	758,334	1.33
12. MR GARRY NOEL BUNGEY & MRS VIVIENNE ALICE NOLA BUNGEY <BUNGEY SUPER FUND ACCOUNT>	757,576	1.33
13. HC INVESTMENT HOLDINGS PTY LTD <THE JC A/C>	742,425	1.31
14. AVIEMORE CAPITAL PTY LTD	738,661	1.30
15. CONRUL PTY LTD <PASAKOS FAMILY A/C>	621,735	1.09
16. MGL CORP PTY LTD	454,569	0.80
17. BLUEMAX INVESTMENTS PTY LIMITED <BORIS LAPCEVIC FAMILY A/C>	454,546	0.80
18. BNP PARIBAS NOMINEES PTY LTD <GLOBAL PRIME OMNI DRP>	454,546	0.80
19. BELLAIRE CAPITAL PTY LTD <BELLAIRE CAPITAL INVEST A/C>	442,425	0.78
20. HELMET NOMINEES PTY LTD <TIM WEIR FAMILY FUND A/C>	423,334	0.75
<b>TOTAL</b>	<b>22,224,427</b>	<b>39.12</b>

RANGE	TOTAL HOLDERS	UNITS	% OF ISSUED CAPITAL
1 - 1,000	1	7	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	2	16,668	0.03
10,001 - 100,000	272	12,792,119	22.51
100,001 - 9,999,999,999	144	44,009,586	77.46
<b>TOTAL</b>	<b>419</b>	<b>56,818,380</b>	<b>100.00</b>