
MGC PHARMACEUTICALS LTD**ACN 116 800 269****NOTICE OF GENERAL MEETING**

Notice is given that the Meeting will be held at:

TIME: 4:00PM (AWST)

DATE: 29 June 2023

PLACE: 1202 Hay Street, West Perth, WA, Australia 6005

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 4:00PM (AWST) on 27 June 2023.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF CONVERTIBLE NOTES

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

“That, for the purpose of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 550,000 Convertible Notes on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

2. RESOLUTION 2A – RATIFICATION OF PRIOR ISSUE OF OPTIONS

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 65,187,500 3 Options on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

3. RESOLUTION 2B – RATIFICATION OF PRIOR ISSUE OF OPTIONS

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 100,848,293 Options on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES

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 15,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

5. RESOLUTION 4 – APPROVAL FOR SHARE PLACEMENT

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

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to that number of Shares, when multiplied by the issue price, will raise up to A\$5,000,000 on the terms and conditions set out in the Explanatory Statement.”

A voting exclusion statement applies to this Resolution. Please see below.

Dated: 30 May 2023

By order of the Board

**Rowan Harland
Company Secretary**

Voting Exclusion Statements

In accordance with Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution set out below by or on behalf of the following persons:

Resolution 1 – Ratification of prior issue of Convertible Notes	A person who participated in the issue or is a counterparty to the agreement being approved (namely Mercer Street Global Opportunity Fund, LLC (or their nominee)) or an associate of that person or those persons.
Resolution 2A – Ratification of prior issue of Options	A person who participated in the issue or is a counterparty to the agreement being approved or an associate of that person or those persons.
Resolution 2B – Ratification of prior issue of Options	A person who participated in the issue or is a counterparty to the agreement being approved or an associate of that person or those persons.
Resolution 3 – Ratification of prior issue of Shares	A person who participated in the issue or is a counterparty to the agreement being approved (namely Bioheka Limited) or an associate of that person or those persons.
Resolution 4 – Approval for Share placement	A person who is expected to participate in the issue, or who will obtain a material benefit as a result of, the proposed issued, or is a counterparty to the agreement being approved, 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.

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, attend the Meeting at the time, date and place set out above.

Depository Interest holders

Persons Entitled to Vote

The Form of Instruction (accompanying this Notice of Meeting) must be signed by the depository interest holder or an attorney duly authorised in writing and deposited at the office of the Depository, Computershare Investor Services PLC, located at The Pavilions, Bridgewater Road, Bristol BS99 6ZY by 4:00PM (UK Time) on 22 June 2023. Any Form of Instruction received after that time will not be valid for the Meeting.

CREST Voting

Holders of Depository Interests in CREST may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take appropriate action on their behalf.

In order for instructions made using the CREST voting service to be valid, the appropriate CREST message (a "**CREST Voting Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com).

To be effective, the CREST Voting Instruction must be transmitted so as to be received by the Company's agent (3RA50) no later than 4:00PM (UK Time) on 22 June 2023.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the Company's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST. Holders of Depository Interests in CREST and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the Depository Interest holder concerned to take (or, if the Depository Interest holder is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST voting service by any particular time. In this connection, Depository Interest holders and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

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 CONVERTIBLE NOTES

1.1 General

As announced on 29 July 2022, the Company entered into an agreement (**Convertible Securities Agreement (2022)**) with Mercer, whereby Mercer conditionally agreed to provide the Company with up to a total of US\$10 million in funding, via subscriptions for convertible notes in the Company with a face value of US\$1.00 each (**Convertible Notes**).

As announced on 2 February 2023, the Company entered into an agreement with Mercer, pursuant to which the parties agreed to vary the terms of the Convertible Notes that were or will be issued after 23 December 2022.

At a General Meeting of Shareholders held on 30 March 2023, the Company sought Shareholder approval for:

- (a) the ratification of the issue of all Convertible Notes issued from 23 December 2022 until the dispatch of the notice of meeting on 28 February 2023; and
- (b) the issue of up to 6,343,568 Convertible Notes.

On 9 March 2023 (prior to the General Meeting of Shareholders), the Company drew down an additional US\$500,000 in exchange for the issue of 550,000 Convertible Notes. The Convertible Notes were issued under the Company's Listing Rule 7.1 placement capacity.

Resolution 1 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the 550,000 Convertible Notes.

1.2 Listing Rules 7.1 and 7.4

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue or agree to 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.

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, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the prior issue of the Convertible Notes.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

1.3 Technical information required by Listing Rule 14.1A

If Resolution 1 is passed, the Convertible Notes 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 without Shareholder approval over the 12-month period following the date of issue of the Convertible Notes.

If Resolution 1 is not passed, the Convertible Notes 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 Convertible Notes.

1.4 Technical information required by Listing Rule 7.4

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

- (a) 550,000 Convertible Notes were issued to Mercer on 9 March 2023;
- (b) Mercer is not a related party of the Company;
- (c) 550,000 Convertible Notes were issued under the Company's Listing Rule 7.1 placement capacity;
- (d) the Convertible Notes were issued with a face value of US\$1.00 at a subscription price of US\$0.90909 per Convertible Note;
- (e) the Convertible Notes were issued on the terms and conditions set out in Part 2 of Schedule 1;
- (f) the Convertible Notes are convertible into a maximum of 81,723,626 Shares¹. Any Shares issued on conversion shall be issued on the same terms and conditions as the Company's existing Shares;
- (g) the purpose of the issue of the Convertible Notes was to raise US\$500,000, which the Company intends to apply in accordance with the table set out below;

Allocation of Funds	
Research and Development (incl. clinical studies)	US\$325,000
Corporate Administration	US\$175,000
Total	US\$500,000

Notes:

The above table is a statement of current intentions as of the date of this Notice. As with any forecasts, intervening events (including Research and Development success

¹ This assumes that the Convertible Notes are converted at the lowest possible conversion price (being A\$0.01), and USD exchange rate of A\$0.673. The actual number of Shares to be issued on conversion will be calculated in accordance with the conversion formula for the Convertible Notes, as detailed in Part 2 of Schedule 1.

or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

- (h) the Convertible Notes were issued pursuant to the Convertible Securities Agreement (2022), a summary of which is included in Part 1 of Schedule 1; and
- (i) set out below is a worked example of the number of Shares that may be issued on conversion of the Convertible Notes based on an assumed conversion price of A\$0.01, A\$0.015 and A\$0.02 and USD exchange rates of A\$0.6, A\$0.673, A\$0.746.

Assumed conversion price	Number of Shares issue on conversion (Exchange Rate A\$0.6)	Number of Shares issue on conversion (Exchange Rate A\$0.673)	Number of Shares issue on conversion (Exchange Rate A\$0.746)
\$0.01	91,666,667	81,723,626	73,726,542
\$0.015	61,111,111	54,482,417	49,151,028
\$0.02	45,833,333	40,861,813	36,863,271

The Company notes that the above workings are an example only and the actual conversion price may differ. This will result in the maximum number of Shares to be issued to also differ.

2. RESOLUTIONS 2A & 2B – RATIFICATION OF PRIOR ISSUE OF OPTIONS

2.1 General

As announced on 13 April 2023, the Company has completed a capital raising of ~A\$3.8 million (**Capital Raising**). The Capital Raising comprises the issue of 476,132,620 Shares at an issue price of \$0.08 per Share, together with one free attaching Option for every two Shares subscribed for and issued, exercisable at 0.66 pence (A \$0.012) on or before 12 April 2024.

As at the date of this Notice:

- (a) 332,071,589 Shares have been issued with Shareholder approval under Listing Rule 7.1; and
- (b) 166,035,793 free attaching Options have been issued under the Company's Listing Rule 7.1 placement capacity.

Resolutions 2A & 2B seek Shareholder ratification pursuant to Listing Rule 7.4 for the issue of:

- (c) Resolution 2A: 65,187,500 Options issued on 20 April 2023; and
- (d) Resolution 2B: 100,848,293 Options issued on 5 May 2023.

Peterhouse Capital acted as lead manager to the Capital Raising and was paid a fee of 5% on the total funds raised.

2.2 Listing Rules 7.1 and 7.4

A summary of Listing Rule 7.1 and 7.4 is set out in section 1.2 above.

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, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the prior issue of the Options.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

2.3 Technical information required by Listing Rule 14.1A

If Resolutions 2A & 2B are 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 without Shareholder approval over the 12-month period following the date of issue of the Options.

If Resolutions 2A&2B are 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.

2.4 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 Resolutions 2A & 2B:

- (a) the Options were issued to professional and sophisticated investors who are clients of Peterhouse Capital and other professional and sophisticated investors. The recipients were identified through:
 - (i) a bookbuild process, which involved Peterhouse Capital seeking expressions of interest to participate in the capital raising from non-related parties of the Company; and
 - (ii) and professional and sophisticated investors who were identified by the Company.
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (c) a total of 166,035,793 Options were issued on the following dates:
 - (i) Resolution 2A: 65,187,500 Options were issued on 20 April 2023; and
 - (ii) Resolution 2B: 100,848,293 Options were issued on 5 May 2023;

- (d) the Options were issued on the terms and conditions set out in Schedule 2;
- (e) issue price of the Options was nil as they were issued free attaching with the Capital Raising Shares on a two for one basis. 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 exercise of the Options);
- (f) the purpose of the Capital Raising was to raise ~A\$3.8 million, which will be applied towards progressing the Company's clinical trial pipeline and general corporate purposes; and
- (g) the Options were not issued under an agreement.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES

3.1 General

On 1 November 2022, the Company issued 15,000,000 Shares under its Listing Rule 7.1 placement capacity, to Bioheka Limited (**Bioheka**) at a deemed issue price of A\$0.014 per Share.

Bioheka is an independent business management and consulting firm that provides consulting services to the Company.

Bioheka was engaged by the Company to broker the sale of the 15,000,000 Shares and direct the proceeds from the sale towards the payment of A\$168,000 of accrued salary/wages and fees owed to both employees of the Company and consultants of the Company.

The Shares were sold at \$0.0112 per Share (20% lower than the deemed issue price).

The 15,000,000 Shares were sold in satisfaction of the follow amounts owing to the following employees and consultants of the Company:

Employee / Consultant	Shares	Accrued Salary / Wages
Oleg Krylov	6,750,000	\$75,600
Alexander Bordyuzha	2,550,000	\$28,560
Dmitry Burgaev	3,150,000	\$35,280
Sofia Even	2,550,000	\$28,560

Bioheka has not and will not receive any fees from the Company for these services.

Resolution 3 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the prior issue of the 15,000,000 Shares.

3.2 ASX Listing Rules 7.1 and 7.4

A summary of Listing Rules 7.1 and 7.4 is set out in section 1.2.

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, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the prior issue of the Shares.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

3.3 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 without 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.

3.4 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) 15,000,000 Shares in aggregate were issued to Bioheka;
- (b) 15,000,000 Shares were issued under the Company's Listing Rule 7.1 placement capacity;
- (c) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (d) 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;
- (e) the Shares were issued on 1 November 2022;
- (f) the Shares were issued at a nil issue price to settle payments on behalf of the Company, on the basis that Bioheka would arrange the orderly sale of the Shares in order to fund the payment of A\$1 68,000 of accrued salary and wages owing to employees and service fees to consultants of the Company. The Company has not and will not receive any other consideration for the issue of the Shares;
- (g) the purpose of the issue of the Shares was to provide consideration for services provided by employees/consultants of the Company; and
- (h) the Shares were not issued under an agreement.

4. RESOLUTION 4 – APPROVAL FOR SHARE PLACEMENT

4.1 General

The Company seeks pre-approval to raise up to A\$5,000,000 million in order to fund ongoing clinical trials (including lodgement of an Investigation New Drug Application with the US Food and Drug Administration), production and corporate costs (including product marketing) and general working capital.

Resolution 4 seeks Shareholder approval for the issue of up to that number of Shares, when multiplied by the issue price, will raise up to A\$5,000,000 (**Proposed Placement**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The effect of Resolution 4 will be to allow the Company to issue the Shares pursuant to the Proposed Placement during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

It is intended that a broker or brokers will be appointed for the purpose of the Placement and the fees customary for a placement of this size shall be paid to the appointed broker/s.

It is intended that Placement participants will be sophisticated and professional investors (as defined in section 708 of the Corporations Act).

4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Proposed Placement:

- (a) the maximum number of Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals A\$5,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price will be determined at the time of the Placement based on the then current share price and prevailing market conditions;
- (d) the Directors will determine to whom the Shares will be issued but these persons will not be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Company intends to apply the funds raised from the Placement towards fund ongoing clinical trials (including lodgement of an Investigation New Drug Application with the US Food and Drug Administration), production and corporate costs (including marketing) and general working capital; and

(g) the Shares will not be issued under or to fund a reverse takeover.

4.3 Dilution

The closing market price for Shares on 2 May 2023 was A\$0.008. Set out below is a worked example of the number of Shares that may be issued under Resolution 4 based on an assumed issue price of A\$0.009, A\$0.0085, A\$0.0080, A\$0.0075 and A\$0.007:

Assumed issue price	Maximum number of Shares which the Company could issue (rounded up to the nearest whole number) pursuant to Resolution 4	Current Shares on issue as at the date of this Notice	Number of Shares on issue assuming the Company issued the maximum amount pursuant to Resolution 4	Dilution effect on existing Shareholders
\$0.0090	555,555,556	3,349,692,950	3,905,248,506	14.2%
\$0.0085	588,235,294	3,349,692,950	3,937,928,244	14.9%
\$0.0080	625,000,000	3,349,692,950	3,974,692,950	15.7%
\$0.0075	666,666,667	3,349,692,950	4,016,359,617	16.6%
\$0.0070	714,285,714	3,349,692,950	4,063,978,664	17.6%

The Company notes that the above workings are an example only and the actual issue price may differ. This will result in the maximum number of Shares to be issued and the dilution percentage to also differ.

GLOSSARY

A\$ 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.

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.

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.

US\$ means the US dollar.

VWAP means volume weighted average price.

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

SCHEDULE 1 – CONVERTIBLE NOTES

1. Convertible Securities Agreement (2022)

The material terms of the Convertible Securities Agreement (2022) between the Company and Mercer are as follows:

- (a) **Subsequent Investment:** At any time no later than 18 months from the execution date of the Convertible Securities Agreement (2022), the Company may request additional funding from Mercer of up to US\$8,800,000 (less taxes and transaction costs), as at the date of this Notice the Company has drawn down an additional US\$3,533,120 (**Subsequent Investment Amount**), subject to:
- (i) the Company providing Mercer with written notice requesting the Subsequent Investment Amount (or part thereof); and
 - (ii) Mercer, in its sole discretion, agreeing to advance the requested funds, the subject of the notice; and
 - (iii) the relevant 'Closing Conditions' (detailed below) being satisfied or waived.

The Company may provide multiple subsequent investment request notices, provided that the aggregate Subsequent Investment Amount paid to the Company under the notices is not greater than US\$8,800,000.

The Company is under no obligation to provide any requests for the Subsequent Investment Amount (or part thereof) and Mercer has no obligation to agree to advance funds in respect of any such requests.

- (b) **Issue of Convertible Notes:** In consideration for each tranche of the Subsequent Investment Amount advanced to the Company, the Company will issue Mercer the number of convertible notes (with a face value of US\$1.00 each) equal to 110% of the relevant Subsequent Investment Amount, within 5 business days of the satisfaction of the applicable Closing Conditions to the relevant Subsequent Investment Amount.
- (c) **Secured Debt Security:** Repayment of the face value of the Convertible Notes is secured by a first ranking general security granted by the Company in favour of Mercer.
- (d) **Reconstructions:** In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, the terms of the Convertible Notes will be reconstructed to the extent necessary to comply with the Listing Rules.
- (e) **Satisfaction of Convertible Notes:** The face value of each Convertible Notes issued is to be satisfied by:
- (i) **Being converted into Shares:**

Mercer may (at its absolute discretion) convert the Convertible Notes (in a minimum parcel with a face value of at least US\$25,000) at any time prior to the date which is 18 months from their date of issue (**Maturity Date**), by giving the Company a

conversion notice. The conversion will occur within 5 business days of receipt of the notice.

The number of Shares to which Mercer is entitled upon conversion of the relevant Convertible Notes is determined by the following formula:

$$\text{Number of Shares} = (\text{FV} * \text{ER}) / \text{CP}$$

Where:

- **FV** means the aggregate face value of the Convertible Notes being converted.
- **ER** means the spot rate of exchange as reported by Bloomberg LP on the date immediately prior to the date of issue of a conversion notice by Mercer.
- **CP** means the applicable conversion price per Convertible Notes. The applicable conversion price is set out below.

(ii) **Being repaid:**

If Mercer has not notified the Company in writing by the day that is 10 business days prior to the relevant Maturity Date that it will be converting the relevant Convertible Notes (in whole or in part), the Company is to pay in full to the holder of the Convertible Notes, the face value of the Convertible Securities (and any accrued but unpaid interest), within 20 business days of the Maturity Date.

If an event of default is subsisting after the Company has notice, the Company must repay the face value of the outstanding Convertible Securities held by Mercer together with any accrued by unpaid interest.

If there occurs a change of control event or a delisting event, Mercer may require repayment by the Company of some or all of the Convertible Notes.

(iii) **The relevant Convertible Notes being repurchased:**

Provided that the Company is:

- (A) in compliance with its obligations under the Convertible Securities Agreement (2022);
- (B) there is no existing event of default; and
- (C) Mercer has not issued a conversion notice,

the Company may (by written notice to Mercer) elect to repurchase all of the outstanding Convertible Notes on issue at any time, for a 3% premium to the face value, provided such repurchase is permitted by law and the Listing Rules.

Where Mercer receives a written notice from the Company with respect to the repurchase of Convertible Notes, Mercer may elect to convert up to 30% of the Convertible Notes, the subject of such notice.

- (f) **Rights of Mercer upon an Event of Default:** Upon the occurrence of an event of default, Mercer may in its sole discretion:
- (i) declare all outstanding obligations by the Company under the Convertible Securities Agreement (2022) to be immediately due and payable; or
 - (ii) terminate the Convertible Securities Agreement (2022), in which case any amounts payable under the Convertible Securities Agreement (2022) to Mercer, become immediately payable.
- (g) **Termination:** The Convertible Securities Agreement (2022) may be terminated:
- (i) by the mutual written consent of the parties, at any time;
 - (ii) by the Company, provided that the Company has paid Mercer all money due and payable under the Convertible Securities Agreement (2022);
 - (iii) by Mercer, in an event of default; and
 - (iv) by Mercer, if, as a consequence of any change of law, regulation or administrative action or policy relating to tax after the execution date, the tax liability of Mercer increases.

Upon termination, any amounts payable under the Convertible Securities Agreement (2022) to Mercer or the Company which are unpaid as at the date of termination, become immediately payable.

The provision of an Subsequent Investment Amount, and any subsequent conversion, are conditional on the following conditions (together, the **Closing Conditions**):

- (v) **shareholding limits:** the issue of the securities will not:
 - (A) cause the voting power in the Company of Mercer and its associates to exceed 4.99%, unless Mercer gives its written consent to the Company from time to time, that Mercer's relevant interest may exceed 4.99% but will not exceed 9.99%; and
 - (B) result in Mercer acquiring a relevant interest in the Shares which causes the voting power in the Company of Mercer and its associates to exceed 19.99%.
- (vi) **entitlement to investment:** the Company being entitled under the Convertible Securities Agreement (2022) to require Mercer to subscribe for the relevant Convertible Notes and pay the relevant Subsequent Investment Amount.
- (vii) **capacity:** the Company either:

- (A) for the purposes of Chapter 7 of the Listing Rules and for all other purposes obtaining Shareholder approval to issue the relevant securities the subject of the relevant conversion or closing; or
 - (B) having existing placement capacity to issue the relevant securities the subject of the relevant conversion or closing without any further Shareholder approval (including for the purposes of Chapter 7 of the Listing Rules or any other purpose);
- (viii) **representations and warranties:** each representation and warranty by the Company in the Convertible Securities Agreement (2022) being true and correct;
- (ix) **other requirements:** any and all authorisations, in the reasonable opinion of Mercer, necessary at the relevant closing date or conversion date, to give effect to the transaction under the Convertible Securities Agreement (2022), having been obtained by the Company and remaining in full force and effect;
- (x) **Company documents delivered:** the Company delivering to Mercer:
- (A) in respect of a closing, a copy of the resolutions duly adopted by the board of directors of the Company, approving the closing; and
 - (B) copies of such additional documents, certificates, payments, assignments, transfers and other deliveries as Mercer or its legal counsel may reasonably request;
 - (C) a certificate, executed on behalf of the Company, dated as at the relevant closing date or conversion date certifying that:
 - (I) the Company has performed or complied in all material respects with all agreements and covenants required by the Convertible Securities Agreement to be performed or complied with by it at or prior to the relevant closing date or conversion date;
 - (II) the representations and warranties of the Company contained in the Convertible Securities Agreement are true and correct in all material respects as of the dates as of which they are made or deemed to be made under the Convertible Securities Agreement; and
 - (III) all Closing Conditions have been satisfied;
- (xi) **no disclosure or default:** Mercer is of the opinion, acting reasonably, that:
- (A) any offer for sale by Mercer or its nominee of any of the relevant securities, does not and will not need disclosure under Part 6D.2 of the Corporations Act;

- (B) the issue of any securities in respect of the relevant closing or conversion has not and will not result in the Company being in breach of the Listing Rules or any other law;
 - (C) no event of default has occurred; and
 - (D) no event of default would result from the relevant closing or conversion being effected and the relevant securities being issued;
- (xii) **compliance with Convertible Securities Agreement:** the Company has complied in all respects with all agreements and covenants required by the Convertible Securities Agreement (2022) as at or prior to the relevant closing date or conversion date;
- (xiii) **quotation:** the ASX has not indicated to the Company that quotation of Shares (issued on conversion) on the ASX will not be granted;
- (xiv) **Cleansing Notice or prospectus lodged:** either:
- (A) a short form prospectus has been lodged by the Company with ASIC and on the ASX announcements platform under which the Convertible Notes are offered to Mercer and such offer remains open as at the closing; or
 - (B) a cleansing notice is lodged by the Company on the ASX announcements platform in respect of the relevant Convertible Notes and any Shares into which the relevant Convertible Notes are convertible.
- (xv) **Conversion Price:** means in respect of the Convertible Notes, the lower of:
- (A) A\$0.02; or
 - (B) 90% of the lowest daily VWAP of the Company's Shares selected by Mercer and specified in a conversion notice for the 10 trading days on which the Shares traded in the ordinary course of business on the ASX ending on the date immediately prior to the relevant conversion notice,

subject to the conversion price being not less than A\$0.01.

The Convertible Securities Agreement (2022) otherwise contains representations, warranties and indemnities standard for an agreement of this nature.

2. Terms and Conditions of the Convertible Notes

The key terms and conditions of the Convertible Notes are set out below.

Terms and conditions of Convertible Notes	
Subscription Price	US\$0.90909 per Convertible Note.
Face Value	Each Convertible Note will have a face value of US\$1.00.
Maturity Date	18 months from the date of issue of the Convertible Notes.
Interest Rate	Upon an event of default occurring, the Company must pay interest at a rate of 18% per annum on the amount of the face value of all Convertible Notes issued which have not been converted or repurchased, calculated daily and compounded monthly.
Conversion of Convertible Note (2022)	<p>The Noteholder may (at its absolute discretion) convert the Convertible Notes (in a minimum parcel with a face value of at least US\$25,000) at any time prior to the date which is 18 months from their date of issue, by giving the Company a conversion notice. The conversion will occur within 3 business days of receipt of the notice.</p> <p>The number of Shares to which the Noteholder is entitled upon conversion of the relevant Convertible Notes is determined by the following formula:</p> $\text{Number of Shares} = (\text{FV} * \text{ER}) / \text{CP}$ <p>Where:</p> <ul style="list-style-type: none"> • FV means the aggregate face value of the Convertible Notes being converted. • ER means the spot rate of exchange as reported by Bloomberg LP on the date immediately prior to the date of issue of a conversion notice by the Noteholder. • CP means the applicable conversion price per Convertibles Note (2022). The applicable conversion price is set out below. <p>Upon conversion of the Convertible Notes:</p> <p>(a) those Convertible Notes are cancelled and may not be reissued; and</p> <p>(b) the face value of the Convertible Notes which have been converted will be deemed satisfied.</p>
Conversion by the Company	The Company has no right to require the Noteholder to convert any Convertible Notes at any time.
Conversion Price	<p>In respect of the Convertible Notes, the lower of:</p> <p>(a) A\$0.02; or</p> <p>(b) 90% of the lowest daily VWAP of the Company's Shares selected by the Noteholder and specified in a conversion notice for the 10 trading days on which the Shares traded in the ordinary course of business on the ASX ending on the date immediately prior to the</p>

Terms and conditions of Convertible Notes	
	relevant conversion notice, subject to the conversion price being not less than A\$0.01.
Repurchase	<p>Provided that the Company is:</p> <ul style="list-style-type: none"> (a) in compliance with its obligations under the Convertible Securities Agreement (2022); (b) there is no existing event of default; and (c) the Noteholder has not issued a conversion notice, <p>the Company may (by written notice to the Noteholder) elect to repurchase all of the outstanding Convertible Notes on issue at any time, for a 3% premium to the face value, provided such repurchase is permitted by law and the Listing Rules.</p> <p>Where the Noteholder receives a written notice from the Company with respect to the repurchase of Convertible Notes, the Noteholder may elect to convert up to 30% of the Convertible Notes, the subject of such notice.</p>
Redemption	<p>If the Noteholder has not notified the Company in writing by the day that is 10 business days prior to the Maturity Date that it will be converting the relevant Convertible Notes (in whole or in part), the Company is to pay in full to the holder of the Convertible Notes, the face value of the Convertible Notes (and any accrued but unpaid interest).</p> <p>If an event of default is subsisting after the Company has notice from the Noteholder requiring repayment, the Company must repay the face value of the outstanding Convertible Notes held by the Noteholder together with any accrued by unpaid interest. The Convertible Securities Agreement (2022) contains various events which constitute events of default which are standard for agreements of this nature.</p> <p>If there occurs a Change of Control Event or a delisting event, the Noteholder may require repayment by the Company of some or all of the Convertible Notes.</p> <p>In this Notice:</p> <p>Change of Control Event means each of:</p> <ul style="list-style-type: none"> (a) a takeover bid being made to acquire all of the Company's shares and: <ul style="list-style-type: none"> (i) the offer under the takeover bid is, or becomes, unconditional; and (ii) either: <ul style="list-style-type: none"> (A) the bidder has acquired at any time during the offer period (or after the close of the offer period) a relevant interest in more than 50 per cent of the shares on issue; or (B) the directors of the Company recommend acceptance of the offer under the takeover bid;

Terms and conditions of Convertible Notes

	<p>(b) a court approves a proposed scheme of arrangement which, when implemented, will result in a person having a relevant interest in 100 per cent of the Shares on issue in the Company (where the requisite shareholder approval has also been obtained),</p> <p>but, for the avoidance of doubt, shall exclude certain agreed transactions previously detailed in the Company's ASX announcements.</p> <p>Delisting Event means where the Company's Shares are no longer quoted on ASX, the Company's Shares are suspended from trading on ASX for a period of 20 consecutive business days, or in any case, other than as a result (directly or indirectly) of a change of Control Event.</p>
Ranking on Conversion	Shares issued on conversion of the Convertible Notes will rank equally with existing Shares on issue.
Security Documents	Repayment of the face value of the Convertible Notes is secured by a first ranking general security granted by the Company in favour of the Noteholder.
Reconstruction of Capital	In the event of a consolidation, subdivision or similar reconstruction of the issued capital of the Company, the terms of the Convertible Notes will be reconstructed to the extent necessary to comply with the Listing Rules.
Participation Rights	The Convertible Notes will not carry any entitlement to participate in future issues of securities by the Company prior to any conversion of the Convertible Notes into Shares.
No Voting Rights	Except as required by the Corporations Act, the Convertible Notes will not carry a right to vote at meetings of the Company prior to any conversion of the Convertible Notes into Shares.

SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS

1. Entitlement

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

2. Exercise Price

Subject to paragraph 9, the amount payable upon exercise of each Option will be A\$0.012 (**Exercise Price**).

3. Expiry Date

Each Option will expire at 5:00 pm (AWST) on the 12 April 2024 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. Exercise Period

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

5. Notice of Exercise

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

6. 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**).

7. Timing of issue of Shares on exercise

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

- (a) 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;
- (b) 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
- (c) if admitted to the official list of ASX and the official list of the FCA and to trading on the main market for listed securities on the London Stock Exchange plc, or any other public exchange, make an application for the listing and admission to trading of Shares issued pursuant to the exercise of the Options.

8. Shares issued on exercise

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

The Option holder is entitled to elect for the Shares to be registered in the name of its nominee by confirming such request in the Notice of Exercise.

9. 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 and/or the Listing Rules of the FCA at the time of the reconstruction in order to ensure that the Optionholder maintains the same relative rights for the Options.

10. 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.

11. 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.

12. Transferability

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

Need assistance?

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

 **Online:**
www.investorcentre.com/contact

MXCRM

MR RETURN SAMPLE
123 SAMPLE STREET
SAMPLE SUBURB
SAMPLETOWN VIC 3030



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **4:00pm (AWST) on Tuesday, 27 June 2023.**

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.

PARTICIPATING IN THE MEETING

Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative". A form may be obtained from Computershare or online at www.investorcentre.com/au and select "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

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.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

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 N D

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 1202 Hay Street, West Perth, WA 6005 on Thursday, 29 June 2023 at 4:00pm (AWST) 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
Resolution 1	Ratification of prior issue of Convertible Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2A	Ratification of prior issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2B	Ratification of prior issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of prior issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval For Share Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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.*

<input type="text"/>	<input type="text"/>	<input type="text"/>	/ /
Sole Director & Sole Company Secretary	Director	Director/Company Secretary	Date

Update your communication details *(Optional)*

<input type="text"/>	<input type="text"/>
Mobile Number	Email Address

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

