

09 July 2021  
 ASX Code: MXC  
 LSE Code: MXC

## Notice of Meeting

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**MGC Pharmaceuticals Ltd (ASX, LSE: MXC, 'MGC Pharma' or 'the Company')** is pleased to provide a copy of its Notice of Meeting to convene a shareholder meeting at 4:00pm AWST on Thursday the 12<sup>th</sup> of August 2021 at 1202 Hay Street, West Perth, WA 6005.

The purpose of the meeting is to seek shareholder approval for the issue of the following securities in the Company:

- Share Consideration in relation to the acquisition of MediCaNL Inc in April 2021.
- Performance Rights to Related Parties as part of the Company's Incentive Plan.
- Ratification of the issue of Shares to Cannvalate Pty Ltd in accordance with the terms of a Service Agreement.

--Ends--

**Authorised for release by the Chair, for further information please contact:**

**MGC Pharmaceuticals Ltd**

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 CEO & Managing Director  
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### About MGC Pharma

MGC Pharmaceuticals Ltd (LSE: MXC, 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



9 July 2021

**LETTER TO SHAREHOLDERS – UPCOMING GENERAL MEETING**

Dear Shareholder,

**MGC Pharmaceuticals Ltd (Company)** is convening a General Meeting of shareholders on Thursday 12 August 2021 at 4:00pm (AWST) at 1202 Hay Street, West Perth, WA 6005.

In accordance with the Australian Securities and Investments Commission’s ‘no action’ position announced on 29 March 2021 via Media Release 21-061, the Company will not be dispatching physical copies of the Notice of General Meeting, accompanying Explanatory Statement and Schedules (**Notice of General Meeting**) to shareholders.

A copy of the Company’s Notice of General Meeting released to the ASX on Friday, 9 July 2021 is available to view on the Company’s Website at <https://mgcpharma.com.au/investor-centre/asx-announcements/>

The Company plans to conduct a physical meeting on Thursday 12 August 2021, at 1202 Hay Street West Perth, WA 6005, at 4:00pm (AWST) and will also provide a Webinar Facility for Shareholders to view the meeting should you be unable to attend the meeting in person. Details of the Webinar, including detailed instructions on how to access the webinar will be made available to Shareholders on the Company’s Website at <https://mgcpharma.com.au/investor-centre/asx-announcements/> as well as being released onto the ASX’s Announcement Platform prior to the meeting. The Webinar information once released on the ASX’s Announcement Platform will be available to view by navigating to the ASX’s Announcement Search function found at the following URL: <https://www.asx.com.au/asx/v2/statistics/announcements.do> and entering the Company’s ASX Code “**MXC**” in the “Search by ASX Code” field to search for the Company’s ASX Announcements.

The directors still strongly encourage all shareholders to lodge a directed proxy form prior to the meeting. If you have nominated an email address and have elected to receive electronic communications from the Company, you will also receive an email to your nominated email address with a link to an electronic copy of the important meeting documents.

If you have not elected to receive notices by email, a copy of your personalised proxy form is enclosed for your convenience. Proxy votes can be lodged with the Company’s Share Registry, Computershare Investor Services Pty Ltd online by using the following options:

Online	At <a href="http://www.investorvote.com.au">www.investorvote.com.au</a>
By mail	Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001, Australia
By fax	1800 783 447 (within Australia) +61 3 9473 2555 (outside Australia)
By mobile	Scan the QR code on your proxy form and follow the prompts
Custodian Voting	For Intermediary Online subscribers only (custodians) please visit <a href="http://www.intermediaryonline.com">www.intermediaryonline.com</a> to submit your voting intentions

Your sincerely,



**David Lim**  
Company Secretary

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

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Notice is given that the Meeting will be held at:

**TIME:** 4:00pm (AWST)  
**DATE:** Thursday, 12 August 2021  
**PLACE:** 1202 Hay Street  
WEST PERTH WA 6005  
and via Video Conference

***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, 10 August 2021.***

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## BUSINESS OF THE MEETING

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### AGENDA

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**1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES – PART CONSIDERATION FOR THE ACQUISITION OF MEDICANL**

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

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 26,884,731 Shares on the terms and conditions set out in the Explanatory Statement.”*

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

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**2. RESOLUTION 2 – APPROVAL TO ISSUE DEFERRED CONSIDERATION SHARES FOR ACQUISITION OF MEDICANL**

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 7.1 and for all other purposes, approval is given for the Company to issue 17,923,153 Shares, on the terms and conditions set out in the Explanatory Statement.”*

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

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**3. RESOLUTION 3 – ISSUE OF PERFORMANCE RIGHTS TO ROBY ZOMER**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 27,400,000 Performance Rights to Roby Zomer (or his nominee/s) under the Incentive Plan on the terms and conditions set out in the Explanatory Statement.”*

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

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**4. RESOLUTION 4 – ISSUE OF PERFORMANCE RIGHTS TO BRETT MITCHELL**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 27,400,000 Performance Rights to Brett Mitchell (or his nominee/s) under the Incentive Plan on the terms and conditions set out in the Explanatory Statement.”*

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

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**5. RESOLUTION 5 – ISSUE OF PERFORMANCE RIGHTS TO NATIV SEGEV**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 2,100,000 Performance Rights to Nativ Segev (or his nominee/s) under the Incentive Plan on the terms and conditions set out in the Explanatory Statement.”*

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

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**6. RESOLUTION 6 – ISSUE OF PERFORMANCE RIGHTS TO STEPHEN PARKER**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 2,600,000 Performance Rights to Stephen Parker (or his nominee/s) under the Incentive Plan on the terms and conditions set out in the Explanatory Statement.”*

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

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**7. RESOLUTION 7 – ISSUE OF PERFORMANCE RIGHTS TO ROSS WALKER**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 2,100,000 Performance Rights to Ross Walker (or his nominee/s) under the Incentive Plan on the terms and conditions set out in the Explanatory Statement.”*

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

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**8. RESOLUTION 8 – ISSUE OF PERFORMANCE RIGHTS TO EVAN HAYES**

To consider and, if thought fit, to pass, the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) and section 208 of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 2,600,000 Performance Rights to Evan Hayes (or his nominee/s) under the Incentive Plan on the terms and conditions set out in the Explanatory Statement.”*

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

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**9. RESOLUTION 9 – 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 ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 8,804,103 Shares on the terms and conditions set out in the Explanatory Statement.”*

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

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**Dated: 7 July 2021**

**By order of the Board**



**David Lim**  
**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:

<b>Resolution 1 – Ratification of Prior Issue of Shares – Part Consideration for the Acquisition of MediCaNL</b>	A person who participated in the issue (namely, each of the Sellers) or any associates of those persons.
<b>Resolution 2 – Approval to issue Deferred Consideration Shares for Acquisition of MediCaNL</b>	A person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) (namely, each of the Sellers) or an associate of that person (or those persons).
<b>Resolutions 3 to 8 – Issue of Performance Rights to Related Parties</b>	Any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question (including the Related Parties) or an associate of that person or those persons.
<b>Resolution 9 – Ratification of Prior Issue of Shares to Cannvalate</b>	A person who participated in the issue (namely, Cannvalate) or any associates of 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 Prohibition Statements

### Resolutions 3 to 8 – Issue of Performance Rights to Related Parties

In accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party (**Excluded Party**). However, the above prohibition does not apply if the vote is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the Resolution and it is not cast on behalf of an Excluded Party.

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

Provided the Chair is not an Excluded Party, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

## Voting by proxy

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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

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To vote in person, attend the Meeting at the time, date and place set out above.

## Depositary Interest holders

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### Persons Entitled to Vote

The Form of Instruction (accompanying this Notice of Meeting) must be signed by the depositary interest holder or an attorney duly authorised in writing and deposited at the office of the Depositary, Computershare Investor Services PLC, located at The Pavilions, Bridgewater Road,

Bristol BS99 6ZY by 4.00 pm GMT on **Thursday, 5 August 2021**. Any Form of Instruction received after that time will not be valid for the Meeting.

### **CREST Voting**

Holders of Depositary 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](http://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 4.00 p.m. (GMT) on Thursday, 5 August 2021.

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 Depositary 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 Depositary Interest holder concerned to take (or, if the Depositary 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, Depositary 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.***

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## EXPLANATORY STATEMENT

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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.

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### 1. BACKGROUND TO RESOLUTIONS 1 AND 2

On 22 April 2021, the Company announced that it had entered into an agreement with the shareholders of MediCaNL Inc (**MediCaNL**), to acquire 100% of the issued share capital of MediCaNL (**Acquisition**). MediCaNL is the holding company of MediCaNL Israel 2019 Ltd, a private Israeli company operating in and providing specialist services to the pharmaceutical sector for development of new medicines. MediCaNL offers clinical and preclinical trial services, as well as assistance with clinical trials in the form of research data from past studies of all Phase I to IV using a variety of treatment methods.

In consideration for the Acquisition, the Company agreed to issue the shareholders of MediCaNL (together, the **Sellers**) a total of 89,615,764 Shares (representing consideration of \$6 million, based on a deemed issue price of \$0.067 per Share), pro-rata to their existing holding in the issued capital of MediCaNL as follows:

- (a) 30% of the Shares (26,884,731 Shares) were issued at settlement of the Acquisition on 10 May 2021 (**Settlement**), under the Company's Listing Rule 7.1 placement capacity. Pursuant to Resolution 1 of this Notice, the Company is seeking Shareholder approval to ratify this prior issue for the purposes of Listing Rule 7.4; and
- (b) 70% of the Shares (62,731,033 Shares) will be issued as follows:
  - (i) 20% of the Shares (17,923,153 Shares) on the date which is 4 months from Settlement, subject to Shareholder approval pursuant to Resolution 2;
  - (ii) 20% of the Shares (17,923,153 Shares) on the date which is 7 months from Settlement, subject to Shareholder approval, proposed to be sought at the Company's Annual General Meeting in November 2021;
  - (iii) 20% of the Shares (17,923,153 Shares) on the date which is 10 months from Settlement, subject to Shareholder approval, proposed to be sought at the Company's Annual General Meeting in November 2021; and
  - (iv) 10% of the Shares (8,961,574) on the date which is 13 months from Settlement, subject to Shareholder approval at a date to be confirmed.

(the **Deferred Consideration**).

There were no Board or senior management changes to the Company as a result of the Acquisition.

Otherwise, the Acquisition agreement contained customary terms (including representations and warranties and standard confidentiality provisions).

The Acquisition will deliver significant ongoing cost savings to the Company, as MGC Pharma will be undertaking one Phase III and two Phase II clinical trials on three different products in 2021, along with two Phase I clinical trials planned for H2 calendar 2021. In the usual course of business, MGC Pharma would be paying a significant premium to a third-party provider to manage and operate its clinical trial program. In order to maximise financial returns to Shareholders, MGC Pharma will be significantly reducing the operating costs for conducting clinical trials to deliver material overall cost savings in the near term and future years.

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## **2. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES – PART CONSIDERATION FOR THE ACQUISITION OF MEDICANL**

### **2.1 General**

On 10 May 2021, the Company issued 26,884,731 Shares to the Sellers as part consideration for the Acquisition.

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 without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

This issue of Shares does not fit within any of the exceptions set out in Listing Rule 7.2 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.

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 issue of the Shares.

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

### **2.2 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 without 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.

## 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 1:

- (a) the Shares were issued to the Sellers, pro-rata to their existing shareholding in MediCaNL, as set out below:

<b>Seller</b>	<b>Holding ratio / Consideration Shares ratio (%)</b>
Nadya Lisovoder (founder)	75.00%
KW Capital Partners Limited	12.86%
Rivka Stern Youdkevich	3.50%
Roy Kait	2.50%
Hannan Fleiman	1.43%
EMMCAP CORP	1.43%
Fortius Research & Trading Corporation	1.43%
Bezalel Partners Llc	0.71%
Mackie Research Capital Corp. ITF 1745574 Ontario Ltd	0.71%
Guy Gershoni	0.43%
<b>Total</b>	<b>100.00%</b>

- (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. However, it is noted that Ms Lisovoder is currently the Company's CRO and is contracted by the Company via MediCaNL on an as needs basis, running the Company's clinical programs; and
  - (ii) holds more than 1% of the issued capital of the Company, other than Ms Lisovoder, who currently holds 0.87% of the issued capital of the Company (which will increase to approximately 2.88% following the issue of the Deferred Consideration Shares);
- (c) 26,884,731 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;
- (d) the Shares were issued on 10 May 2021;
- (e) the Shares were issued at a deemed issue price of \$0.067, as part consideration for the Acquisition; The Company has not and will not receive any other consideration for the issue of the Shares;

- (f) the Shares were issued to the Sellers under the share sale agreement pertaining to the Acquisition. A summary of the material terms of this agreement is set out in Section 1 above.

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### **3. RESOLUTION 2 – APPROVAL TO ISSUE DEFERRED CONSIDERATION SHARES FOR ACQUISITION OF MEDICANL**

#### **3.1 General**

Under Resolution 2, the Company is seeking approval for the issue of 17,923,153 Shares to the Sellers, under the first tranche of the Deferred Consideration.

#### **3.2 Listing Rule 7.1**

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 without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

The proposed issue of the Shares does not fit within any of the exceptions set out in Listing Rule 7.2. The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 so that it does not use up any of its 15% placement capacity under Listing Rule 7.1.

#### **3.3 Technical information required by Listing Rule 14.1A**

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Shares. In addition, the issue of the Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 2 is not passed, the issue of the Shares can still proceed but it will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for 12 months following the issue.

Resolution 2 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Shares.

#### **3.4 Technical information required by Listing Rule 7.1**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) the Shares will be issued to the Sellers pro-rata to their existing holding in MediCaNL (as detailed in Section 2.3(a) above):
- (b) in accordance with paragraph 7.2 of ASX Guidance Note 21, the Company confirms that:
- (i) none of the recipients will be 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. However, it is noted that Ms Lisovoder is currently the Company's CRO and is contracted by the Company via MediCaNL on an as needs basis, running the Company's clinical programs; and

- (ii) none of the recipients, other than Ms Nadya Lisovoder (refer to Section 2.3(b)(ii) above), will be issued more than 1% of the issued capital of the Company;
- (c) the number of Shares to be issued is 17,923,153. 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;
- (d) the Shares will be issued within 3 months of the date of the Meeting and it is intended that the issue of the Shares will occur as detailed in Section 1 above;
- (e) the Shares will be issued at a deemed issue price of \$0.067, as part consideration for the Acquisition;
- (f) the Shares will be issued to the Sellers under the share sale agreement pertaining to the Acquisition. A summary of the material terms of this agreement is set out in Section 1 above.
- (g) the Shares are not being issued under, or to fund, a reverse takeover.

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#### 4. RESOLUTIONS 3 TO 8 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTIES

##### 4.1 General

As foreshadowed in its announcements on 25 February 2021 and 9 April 2021, the Company has agreed, subject to obtaining Shareholder approval, to issue up to a total of 64,200,000 Performance Rights to the Directors set out in the table below (or their respective nominee/s) (**Related Parties**) pursuant to its Employee Securities Incentive Plan, which was last approved by Shareholders on 31 March 2021 (**Incentive Plan**):

Resolution	Director	Maximum Performance Rights to be issued
3	Roby Zomer	27,400,000 Performance Rights, comprising: <ul style="list-style-type: none"> <li>• 7,500,000 Class A;</li> <li>• 17,500,000 Class B; and</li> <li>• 2,400,000 Class C.</li> </ul>
4	Brett Mitchell	27,400,000 Performance Rights, comprising: <ul style="list-style-type: none"> <li>• 7,500,000 Class A;</li> <li>• 17,500,000 Class B; and</li> <li>• 2,400,000 Class C.</li> </ul>
5	Nativ Segev	2,100,000 Performance Rights, comprising: <ul style="list-style-type: none"> <li>• 450,000 Class A;</li> <li>• 1,050,000 Class B; and</li> <li>• 600,000 Class C.</li> </ul>
6	Stephen Parker	2,600,000 Performance Rights, comprising: <ul style="list-style-type: none"> <li>• 600,000 Class A;</li> <li>• 1,400,000 Class B; and</li> <li>• 600,000 Class C.</li> </ul>

7	Ross Walker	2,100,000 Performance Rights, comprising: <ul style="list-style-type: none"> <li>• 450,000 Class A;</li> <li>• 1,050,000 Class B; and</li> <li>• 600,000 Class C.</li> </ul>
8	Evan Hayes	2,600,000 Performance Rights, comprising: <ul style="list-style-type: none"> <li>• 600,000 Class A;</li> <li>• 1,40,000 Class B; and</li> <li>• 600,000 Class C.</li> </ul>
	<b>TOTAL</b>	<b>64,200,000 Performance Rights, comprising:</b> <ul style="list-style-type: none"> <li>• <b>17,100,000 Class A;</b></li> <li>• <b>39,900,000 Class B; and</b></li> <li>• <b>7,200,000 Class C.</b></li> </ul>

The Performance Rights will vest and convert into Shares, subject to the satisfaction of the following conditions:

- (a) **Class A:** if and once the price per share of the Company, at any time prior to or on 1 April 2022, has a 10-trading day volume weighted average price (**VWAP**) equal to or exceeding \$0.0875 (being 125% of the VWAP during the 10 trading days before 1 April 2021), and the Participant remaining a Director as at 1 April 2022;
- (b) **Class B:** if and once the price per share of the Company, at any time prior to or on 1 April 2023, has a 10-trading day VWAP equal to or exceeding \$0.105 (being 150% of the VWAP during the 10 trading days before 1 April 2021), and the Participant remaining a Director as at 1 April 2022;
- (c) **Class C:**
- (i) 18 months continued service up to 30 June 2021; or
  - (ii) if employment commenced after 1 January 2020, continued employment from the commencement date until 30 June 2021,

and will otherwise be issued on the terms and conditions set out in Schedule 2.

The Performance Rights will be issued under the Incentive Plan but will not be issued in reliance of ASIC Class Order 14/1000 *Employee incentive schemes: Listed bodies*.

No disclosure document is required to be issued to the recipients of the Performance Rights as the offer is exempt under section 708(12) of the Corporations Act.

Resolutions 3 to 8 seek the requisite Shareholder approval for the issue of the Performance Rights to each of the Directors in the amounts set out above.

## **4.2 Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act requires that 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:

- (d) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (e) 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 issue of the Performance Rights to the Related Parties constitutes giving a financial benefit and each of the Related Parties is a related party of the Company by virtue of being a Director.

As the Performance Rights are proposed to be issued to all of the Directors, the Directors are unable to form a quorum to consider whether one of the exceptions set out in sections 210 to 216 of the Corporations Act applies to the issue of the Performance Rights. Accordingly, Shareholder approval for the issue of Performance Rights to the Related Parties is sought in accordance with Chapter 2E of the Corporations Act.

## **4.3 Listing Rule 10.14**

Listing Rule 10.14 provides that an entity must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the entity;
- 10.14.2 an associate of a director of the entity; or
- 10.14.3 a person whose relationship with the entity or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by security holders.

The issue of Performance Rights to the Related Parties falls within Listing Rule 10.14.1 and therefore requires the approval of Shareholders under Listing Rule 10.14.

Resolutions 3 to 8 seek the required Shareholder approval for the issue of the Performance Rights under and for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.14.

## **4.4 Technical information required by Listing Rule 14.1A**

If Resolutions 3 to 8 are passed, the Company will be able to proceed with the issue of the Performance Rights to the Related Parties under the Incentive Plan within three years 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 Performance Rights (because approval is being obtained under Listing Rule 10.14), the issue of the Performance Rights will not use up any of the Company's 15% annual placement capacity.

If Resolution 3 to 8 are not passed, the Company will not be able to proceed with the issue of the Performance Rights to the Related Parties.

#### **4.5 Technical information required by Listing Rule 10.15 and section 219 of the Corporations Act**

Pursuant to and in accordance with the requirements of Listing Rule 10.15 and section 219 of the Corporations Act, the following information is provided in relation to Resolutions 3 to 8:

- (a) the Performance Rights will be issued to the following persons:
  - (i) Roby Zomer (or his nominee) pursuant to Resolution 3;
  - (ii) Brett Mitchell (or his nominee) pursuant to Resolution 4;
  - (iii) Nativ Segev (or his nominee) pursuant to Resolution 5;
  - (iv) Stephen Parker (or his nominee) pursuant to Resolution 6;
  - (v) Ross Walker (or his nominee) pursuant to Resolution 7; and
  - (vi) Evan Hayes (or his nominee) pursuant to Resolution 8,each of whom falls within the category set out in Listing Rule 10.14.1 by virtue of being a Director;
- (b) the maximum number of Performance Rights to be issued to the Related Parties (being the nature of the financial benefit proposed to be given) is set out in Section 4.1 above;
- (c) as at the date of this Notice of Meeting, 35,242,308 convertible securities have previously been issued under the Incentive Plan, as lodged with the ASX in an Appendix 3G on 14 May 2021. The Incentive Plan was approved by Shareholders at the Company's most recent general meeting held on 31 March 2021;
- (d) a summary of the material terms and conditions of the Performance Rights is set out in Schedule 2;
- (e) The Company has chosen to issue Performance Rights to the Related Parties for the following reasons:
  - (i) the Performance Rights are unquoted, therefore, the issue of the Performance Rights has no immediate dilutionary impact on Shareholders;
  - (ii) to reward, retain and incentivise the Related Parties for their ongoing commitment to the performance and future success of the Company;
  - (iii) to motivate the Board in creating shareholder value; and
  - (iv) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights on the terms proposed;

- (f) the number of Performance Rights to be issued to each of the Related Parties has been determined based upon a consideration of:
- (i) current market standards and/or practices of other ASX listed companies of a similar size and stage of development to the Company;
  - (ii) the remuneration of the Related Parties; and
  - (iii) incentives to ensure continuity of service of the Related Parties who have appropriate knowledge and expertise, while maintaining the Company's cash reserves.

The Company does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Performance Rights upon the terms proposed;

- (g) the total remuneration package for each of the Related Parties for the previous financial year and the proposed total remuneration package for the current financial year are set out below:

Related Party	Previous Financial Year	Current Financial Year
Roby Zomer	\$439,986 <sup>2</sup>	\$491,730 <sup>3</sup>
Brett Mitchell	\$351,988 <sup>4</sup>	\$474,582 <sup>5</sup>
Nativ Segev	\$265,520 <sup>6</sup>	\$144,792 <sup>7</sup>
Ross Walker	\$52,000	\$84,792 <sup>8</sup>
Stephen Parker	\$60,608	\$87,856 <sup>9</sup>
Evan Hayes <sup>1</sup>	N/A	\$84,856 <sup>10</sup>

**Notes:**

1. Appointed on 1 September 2020.
2. Including \$30,000 in performance bonus, \$91,456 in share-based payments and \$28,211 in other payments. An amount of \$58,521 in share-based payments has been deducted from this total and included in 2019 as a prior-year restatement.
3. Comprising salary of \$259,445, a cash bonus of \$50,000 and share-based payments of \$165,137 (including an increase of \$149,602, being the value of the Performance Rights).
4. Including \$30,000 in performance bonus and \$91,456 in share-based payments. An amount of \$58,521 in share-based payments has been deducted from this total and included in 2019 as a prior-year restatement.
5. Comprising salary of \$276,593, a cash bonus of \$50,000 and share-based payments of \$165,137 (including an increase of \$149,602, being the value of the Performance Rights).
6. Including \$30,000 in performance bonus and \$53,722 other payments. In addition, \$58,521 in share-based payments has been deducted from this total and included in 2019 as a prior-year restatement.
7. Comprising Directors' fees of \$48,000, a service fee of \$60,000 and share-based payments of \$36,792, being the value of the Performance Rights.
8. Comprising Directors' fees of \$48,000 and share-based payments of \$36,792, being the value of the Performance Rights.
9. Comprising Directors' fees of \$51,000 and share-based payments of \$36,792, being the value of the Performance Rights.

10. Comprising Directors' fees of \$48,000 and share-based payments of \$36,792, being the value of the Performance Rights.
- (h) the value of the Performance Rights and the pricing methodology is set out in Schedule 3;
- (i) the Performance Rights will be issued to the Related Parties no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Performance Rights will be issued on one date;
- (j) the issue price of the Performance Rights will be nil, as such no funds will be raised from the issue of the Performance Rights;
- (k) the purpose of the issue of the Performance Rights is to reward, retain and incentivise the Related Parties for their ongoing commitment to the performance and future success of the Company;
- (l) a summary of the material terms and conditions of the Incentive Plan is set out in Schedule 1;
- (m) no loans are being made to the Related Parties in connection with the acquisition of the Performance Rights;
- (n) details of any Performance Rights issued under the Incentive Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (o) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Incentive Plan after Resolution 3 to 8 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14;
- (p) the relevant interests of the Related Parties in securities of the Company as at the date of this Notice are set out below:

Director	Shares <sup>1</sup>	Options	Performance Rights
Brett Mitchell	30,405,004	10,055,554 <sup>2</sup>	5,000,000
Nativ Segev	53,000,001	Nil	Nil
Roby Zomer	33,000,001	Nil	5,000,000
Ross Walker	4,370,370	185,185 <sup>3</sup>	Nil
Stephen Parker	282,316	Nil	Nil
Evan Hayes	Nil	Nil	Nil

**Notes:**

1. Fully paid ordinary shares in the capital of the Company (ASX: MXC).
2. Comprising:
  - (a) 555,554 Quoted Options exercisable at \$0.045 each on or before 31 August 2021 (ASX: MXCOE);
  - (b) 5,000,000 Unquoted Options exercisable at \$0.15 on or before 30 June 2021;

- (c) 1,500,000 Unquoted Options exercisable at \$0.05 on or before 31 August 2023;
  - (d) 1,500,000 Unquoted Options exercisable at \$0.06 on or before 31 August 2023; and
  - (e) 1,500,000 Unquoted Options exercisable at \$0.07 on or before 31 August 2023.
3. Comprising 185,185 Quoted Options exercisable at \$0.045 each on or before 31 August 2021 (ASX: MXCOE).
- (q) if the milestones attaching to the Performance Rights issued to the Related Parties are met and the Performance Rights are converted, a total of 64,200,000 Shares would be issued. This will increase the number of Shares on issue from 2,319,484,077 (being the total number of Shares on issue as at the date of this Notice) to 2,383,684,077 (assuming that no further Shares are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 2.70%, comprising:
- (i) 1.15% by Roby Zomer;
  - (ii) 1.15% by Brett Mitchell;
  - (iii) 0.09% by Nativ Segev;
  - (iv) 0.11% by Stephen Parker;
  - (v) 0.09% by Ross Walker; and
  - (vi) 0.11% by Evan Hayes;
- (r) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	\$0.125	19 February 2021
Lowest	\$0.020	4 November 2020
Last	\$0.022	6 July 2021

- (s) each Director has a material personal interest in the outcome of Resolutions 3 to 8 on the basis that all of the Directors (or their nominees) are to be issued Performance Rights should Resolutions 3 to 8 be passed. For this reason, the Directors do not believe that it is appropriate to make a recommendation on Resolutions 3 to 8 of this Notice; and
- (t) the Board is not aware of any other information that is reasonably required by Shareholders to allow them to decide whether it is in the best interests of the Company to pass Resolutions 3 to 8.

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## **5. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE OF SHARES – CANNVALATE PTY LTD**

### **5.1 General**

On 14 June 2021, the Company issued 8,804,103 Shares to Cannvalate Pty Ltd in satisfaction of \$260,550 of accrued fees relating to data collection services on patients using the Company's cannabinoid products. The number of Shares was calculated by dividing the value of the accrued fees (\$260,550) by the 30 Day

volume weighted average price per Share as traded on the ASX for the relevant month in which the fee was accrued.

The Shares were issued under the Company's existing Listing Rule 7.1 placement capacity.

Resolution 9 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of these Shares.

## **5.2 ASX Listing Rules 7.1 and 7.4**

A summary of Listing Rule 7.1 is set out in section 3.2 above and a summary of Listing Rule 7.4 is included at section 2.1 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 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.

## **5.3 Technical information required by Listing Rule 14.1A**

If Resolution 9 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 9 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.

## **5.4 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 9:

- (a) 8,804,103 Shares were issued to Cannvalate Pty Ltd;
- (b) the Shares 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 14 June 2021;
- (d) the Shares were issued in consideration for accrued fees relating to data collection services provided for the Company. The Company has not and will not receive any other consideration for the issue of the Shares; and
- (e) the Shares were not issued under an agreement.

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## 6. GLOSSARY

\$ means Australian dollars.

**Acquisition** means the Company's acquisition of 100% of the issued capital in MediCaNL as announced to the ASX on 22 April 2021.

**ASIC** means the Australian Securities & Investments Commission.

**Associated Body Corporate means**

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

**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.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

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

**Constitution** means the Company's constitution.

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

**Deferred Consideration** has the meaning given in Section 1 of the Explanatory Statement.

**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.

**Incentive Plan** means the Employee Securities Incentive Plan approved by Shareholders on 31 March 2021.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Listing Rules** means the Listing Rules of ASX.

**MediCaNL** means MediCaNL Inc, a company registered and acting under the law of Ontario, Canada, registered number 002863236.

**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.

**Performance Rights** means a right to acquire a Share, subject to the terms and conditions detailed in Schedule 2.

**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.

**Sellers** means the holders of issued capital in MediCaNL.

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

**Shareholder** means a registered holder of a Share.

**Securities** means a Share, Option, performance right or any other type of security in the capital of the Company.

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

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## **SCHEDULE 1 – SUMMARY OF INCENTIVE PLAN**

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A summary of the terms of the Company's Employee Securities Incentive Plan (**Plan**) is set out below.

(a) **Eligible Participant**

Eligible Participant means a person who is a full-time or part-time employee, a non-executive Director, a contractor or a casual employee of the Company, or an Associated Body Corporate (as defined in ASIC Class Order 14/1000), or such other person who has been determined by the Board to be eligible to participate in the Plan from time to time.

The Company will seek Shareholder approval for Director and related party participation in accordance with Listing Rule 10.14.

(b) **Purpose**

The purpose of the Plan is to:

- (i) assist in the reward, retention and motivation of Eligible Participants;
- (ii) link the reward of Eligible Participants to Shareholder value creation; and
- (iii) align the interests of Eligible Participants with shareholders of the Group (being the Company and each of its Associated Bodies Corporate), by providing an opportunity to Eligible Participants to receive an equity interest in the Company in the form of Securities.

(c) **Plan administration**

The Plan will be administered by the Board. The Board may exercise any power or discretion conferred on it by the Plan rules in its sole and absolute discretion. The Board may delegate its powers and discretion.

(d) **Eligibility, invitation and application**

The Board may from time to time determine that an Eligible Participant may participate in the Plan and make an invitation to that Eligible Participant to apply for Securities on such terms and conditions as the Board decides.

On receipt of an Invitation, an Eligible Participant may apply for the Securities the subject of the invitation by sending a completed application form to the Company. The Board may accept an application from an Eligible Participant in whole or in part.

If an Eligible Participant is permitted in the invitation, the Eligible Participant may, by notice in writing to the Board, nominate a party in whose favour the Eligible Participant wishes to renounce the invitation.

(e) **Grant of Securities**

The Company will, to the extent that it has accepted a duly completed application, grant the Participant the relevant number of Securities, subject to the terms and conditions set out in the invitation, the Plan rules and any ancillary documentation required.

(f) **Terms of Convertible Securities**

Each 'Convertible Security' represents a right to acquire one or more Shares (for example, under an option or performance right), subject to the terms and conditions of the Plan. Prior to a Convertible Security being exercised a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Convertible Security by virtue of holding the Convertible Security. A Participant may not sell, assign, transfer, grant a security interest over or otherwise deal with a Convertible Security that has been granted to them unless otherwise determined by the Board. A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Convertible Security that has been granted to them.

(g) **Vesting of Convertible Securities**

Any vesting conditions applicable to the grant of Convertible Securities will be described in the invitation. If all the vesting conditions are satisfied and/or otherwise waived by the Board, a vesting notice will be sent to the Participant by the Company informing them that the relevant Convertible Securities have vested. Unless and until the vesting notice is issued by the Company, the Convertible Securities will not be considered to have vested. For the avoidance of doubt, if the vesting conditions relevant to a Convertible Security are not satisfied and/or otherwise waived by the Board, that Convertible Security will lapse.

(h) **Exercise of Convertible Securities and cashless exercise**

To exercise a Convertible Security, the Participant must deliver a signed notice of exercise and, subject to a cashless exercise of Convertible Securities (see below), pay the exercise price (if any) to or as directed by the Company, at any time following vesting of the Convertible Security (if subject to vesting conditions) and prior to the expiry date as set out in the invitation or vesting notice.

An invitation may specify that at the time of exercise of the Convertible Securities, the Participant may elect not to be required to provide payment of the exercise price for the number of Convertible Securities specified in a notice of exercise, but that on exercise of those Convertible Securities the Company will transfer or issue to the Participant that number of Shares equal in value to the positive difference between the Market Value of the Shares at the time of exercise and the exercise price that would otherwise be payable to exercise those Convertible Securities.

Market Value means, at any given date, the volume weighted average price per Share traded on the ASX over the 5 trading days immediately preceding that given date, unless otherwise specified in an invitation.

A Convertible Security may not be exercised unless and until that Convertible Security has vested in accordance with the Plan rules, or such earlier date as set out in the Plan rules.

(i) **Delivery of Shares on exercise of Convertible Securities**

As soon as practicable after the valid exercise of a Convertible Security by a Participant, the Company will issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled under the Plan rules and issue a substitute certificate for any remaining unexercised Convertible Securities held by that Participant.

(j) **Forfeiture of Convertible Securities**

Where a Participant who holds Convertible Securities ceases to be an Eligible Participant or becomes insolvent, all unvested Convertible Securities will automatically be forfeited by the Participant, unless the Board otherwise determines in its discretion to permit some or all of the Convertible Securities to vest.

Where the Board determines that a Participant has acted fraudulently or dishonestly; committed an act which has brought the Company, the Group or any entity within the Group into disrepute, or wilfully breached his or her duties to the Group or where a Participant is convicted of an offence in connection with the affairs of the Group; or has a judgment entered against him or her in any civil proceedings in respect of the contravention by the Participant of his or her duties at law, in equity or under statute, in his or her capacity as an employee, consultant or officer of the Group, the Board may in its discretion deem all unvested Convertible Securities held by that Participant to have been forfeited.

Unless the Board otherwise determines, or as otherwise set out in the Plan rules:

- (i) any Convertible Securities which have not yet vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable vesting conditions have not been met or cannot be met by the relevant date; and
- (ii) any Convertible Securities which have not yet vested will be automatically forfeited on the expiry date specified in the invitation or vesting notice.

(k) **Change of control**

If a change of control event occurs in relation to the Company, or the Board determines that such an event is likely to occur, the Board may in its discretion determine the manner in which any or all of the Participant's Convertible Securities will be dealt with, including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the change of control event provided that, in respect of Convertible Securities, the maximum number of Convertible Securities (that have not yet been exercised) that the Board may determine will vest and be exercisable into Shares under this Rule is that number of Convertible Securities that is equal to 10% of the Shares on issue immediately following vesting under this Rule, which as far as practicable will be allocated between holders on a pro-rata basis on the basis of their holdings of Convertible Securities on the date of determination of vesting.

(l) **Rights attaching to Plan Shares**

All Shares issued or transferred under the Plan or issued or transferred to a Participant upon the valid exercise of a Convertible Security, (**Plan Shares**) will rank pari passu in all respects with the Shares of the same class. A Participant will be entitled to any dividends declared and distributed by the Company on the Plan Shares and may participate in any dividend reinvestment plan operated by the Company in respect of Plan Shares. A Participant may exercise any voting rights attaching to Plan Shares.

(m) **Disposal restrictions on Plan Shares**

If the invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction.

For so long as a Plan Share is subject to any disposal restrictions under the Plan, the Participant will not:

- (i) transfer, encumber or otherwise dispose of, or have a security interest granted over that Plan Share; or
- (ii) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Company.

(n) **Adjustment of Convertible Securities**

If there is a reorganisation of the issued share capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such issued capital of the Company), the rights of each Participant holding Convertible Securities will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

If Shares are issued by the Company by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Convertible Securities is entitled, upon exercise of the Convertible Securities, to receive an issue of as many additional Shares as would have been issued to the holder if the holder held Shares equal in number to the Shares in respect of which the Convertible Securities are exercised.

Unless otherwise determined by the Board, a holder of Convertible Securities does not have the right to participate in a pro rata issue of Shares made by the Company or sell renounceable rights.

(o) **Participation in new issues**

There are no participation rights or entitlements inherent in the Convertible Securities and holders are not entitled to participate in any new issue of Shares of the Company during the currency of the Convertible Securities without exercising the Convertible Securities.

(p) **Compliance with applicable law**

No Security may be offered, granted, vested or exercised if to do so would contravene any applicable law. In particular, the Company must have reasonable grounds to believe, when making an invitation, that the total number of Plan Shares that may be issued upon exercise of Convertible Securities offered under an invitation, when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous three year period under:

- (i) an employee incentive scheme of the Company covered by ASIC Class Order 14/1000; or
- (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme,

but disregarding any offer made or securities issued in the capital of the Company by way of or as a result of:

- (iii) an offer to a person situated at the time of receipt of the offer outside Australia;
- (iv) an offer that did not need disclosure to investors because of section 708 of the Corporations Act (exempts the requirement for a disclosure document for the issue of securities in certain circumstances to investors who are deemed to have sufficient investment knowledge to make informed decisions, including professional investors, sophisticated investors and senior managers of the Company); or
- (v) an offer made under a disclosure document,

would not exceed 5% (or such other maximum permitted under any applicable law) of the total number of Shares on issue at the date of the invitation.

(q) **Maximum number of Securities**

When relying on the Class Order relief, the Company will not make an invitation under the Plan if the number of Plan Shares that may be issued, or acquired upon exercise of Convertible Securities offered under an invitation, when aggregated with the number of Shares issued or that may be issued as a result of all invitations under the Plan, will exceed 5% of the total number of issued Shares at the date of the invitation.

(r) **Amendment of Plan**

Subject to the following paragraph, the Board may at any time amend any provisions of the Plan rules, including (without limitation) the terms and conditions upon which any Securities have been granted under the Plan and determine that any amendments to the Plan rules be given retrospective effect, immediate effect or future effect.

No amendment to any provision of the Plan rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment introduced primarily for the purpose of complying with legislation or to correct manifest error or mistake, amongst other things, or is agreed to in writing by all Participants.

(s) **Plan duration**

The Plan continues in operation until the Board decides to end it. The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely and may end any suspension. If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

If a Participant and the Company (acting by the Board) agree in writing that some or all of the Securities granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Securities may be cancelled in the manner agreed between the Company and the Participant.

(t) **Income Tax Assessment Act**

The Plan is a plan to which Subdivision 83A-C of the *Income Tax Assessment Act 1997* (Cth) applies (subject to the conditions in that Act).

(U) **Maximum number of equity securities proposed to be issued under the Plan**

For the purposes of Listing Rule 7.2 (Exception 13(a)), the maximum number of securities proposed to be issued under the Plan is 121,635,932.

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## SCHEDULE 2 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

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The following is a summary of the key terms and conditions of the Performance Rights:

(a) **Milestones**

The Performance Rights will vest in accordance with the vesting conditions detailed in Section 4.1 (each, a **Milestone**).

(b) **Notification to holder**

The Company shall notify the holder in writing when each Milestone has been satisfied.

(c) **Conversion**

Subject to paragraph (m), upon vesting, each Performance Right will, at the election of the holder, convert into one (1) Share.

(d) **Lapse of a Performance Right**

If a Milestone is not achieved by the applicable date specified in Section 4.1, it will automatically lapse.

Any Performance Right not converted within three years of the Vesting Date (**Expiry Date**) shall automatically lapse on the Expiry Date and the holder shall have no entitlement to Shares pursuant to those Performance Rights.

(e) **Share ranking**

All Shares issued upon the vesting Performance Rights will upon issue rank pari passu in all respects with other Shares.

(f) **Application to ASX**

The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

(g) **Transfer of Performance Rights**

The Performance Rights are not transferable.

(h) **Participation in new issues**

A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(i) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

(j) **Adjustment for bonus issue**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares or other securities which must be issued on the conversion of a Performance Right will be increased by the number of Shares or other securities which the holder would have received if the holder had converted the Performance Right before the record date for the bonus issue.

(k) **Dividend and Voting Rights**

The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(l) **Change in Control**

Subject to paragraph (m), upon:

- (i) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
  - (A) having received acceptances for not less than 50.1% of the Company's Shares on issue; and
  - (B) having been declared unconditional by the bidder; or
- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent Performance Rights have not converted into Shares due to satisfaction of the applicable Milestone, Performance Rights will accelerate vesting conditions and will automatically convert into Shares on a one-for-one basis.

(m) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Right under paragraph (c) or (l) would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition; and
- (i) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (m)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

(n) **No rights to return of capital**

A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(o) **Rights on winding up**

A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(p) **No other rights**

A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(q) **Subdivision 83AC-C**

Subdivision 83A-C of the *Income Tax Assessment Act 1997* applies to the Performance Right.

(r) **Discretion**

Consistent with the terms of the Performance Rights Plan, the Board may, in its absolute discretion, determine by resolution of the Board that a particular Milestone has been satisfied or satisfied to such an extent that the Performance Right to which the applicable Milestone relates will be deemed to have vested.

## SCHEDULE 3 – VALUATION OF PERFORMANCE RIGHTS

The Class A and Class B Performance Rights to be issued to the Related Parties pursuant to Resolutions 3 to 8 have been independently valued using Hoadleys Hybrid ESO Model (a Monte Carlo simulation model) and based on the assumptions set out below. Class C Performance Rights were valued using the share price on the valuation date.

Item	
Value of the underlying Shares	\$0.061
Valuation date	23 April 2021
Commencement of performance/vesting period	A: 1 April 2021 B: 1 April 2021
Performance measurement/vesting date	A: Share price target \$0.0875 B: Share price target \$0.105
Term (performance period)	A: 31 March 2022 B: 31 March 2023
Volatility	100%
Risk-free interest rate	A: 0.09% B: 0.06%
<b>Total Value of Performance Rights</b>	
Roby Zomer – 27,400,000 (Resolution 3)	Class A: \$225,750 Class B: \$638,750 Class C: \$146,400 Total: \$1,010,900
Brett Mitchell – 27,400,000 (Resolution 4)	Class A: \$225,750 Class B: \$638,750 Class C: \$146,400 Total: \$1,010,900
Nativ Segev – 2,100,000 (Resolution 5)	Class A: \$13,545 Class B: \$38,325 Class C: \$36,600 Total: \$88,470
Stephen Parker - 2,600,000 (Resolution 6)	Class A: \$18,060 Class B: \$51,100 Class C: \$36,600 Total: \$105,760
Ross Walker - 2,100,000 (Resolution 7)	Class A: \$13,545 Class B: \$38,325 Class C: \$36,600 Total: \$88,470
Evan Hayes - 2,600,000 (Resolution 8)	Class A: \$18,060 Class B: \$51,100

	Class C: \$36,600 Total: \$105,760
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**Note:** The valuation noted above is not necessarily the market price that the Performance Rights could be traded at and is not automatically the market price for taxation purposes.

## Need assistance?

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

 **Online:**  
[www.investorcentre.com/contact](http://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 **4:00pm (AWST) on Tuesday, 10 August 2021.**

# 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](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

XX

### Online:

Lodge your vote online at [www.investorvote.com.au](http://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](http://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 1202 Hay Street, West Perth WA 6005 and via Zoom on Thursday, 12 August 2021 at 4:00pm (AWST) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 3 to 8 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 3 to 8 is/are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 3 to 8 by marking the appropriate box in step 2.

## 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 – Part Consideration for the Acquisition of MediCaNL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval to issue Deferred Consideration Shares for Acquisition of MediCaNL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of Performance Rights to Roby Zomer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Issue of Performance Rights to Brett Mitchell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Issue of Performance Rights to Nativ Segev	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Issue of Performance Rights to Stephen Parker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Issue of Performance Rights to Ross Walker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Issue of Performance Rights to Evan Hayes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Ratification of Prior Issue of Shares to Cannvalate Pty Ltd	<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.*

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

**Update your communication details** (Optional)

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

MXC

2 7 8 0 0 6 A



Computershare

