

4 May 2016

ASX Code: MXC

MXC to Raise \$5.0m - Capital Raising Closed Multiple Times Oversubscribed

Highlights

- Placement for \$5.0 million closed, multiple times oversubscribed
- Firm written commitments received to raise full \$5.0 million from sophisticated and professional investors via a placement at 4.4c, through the issue of 113,636,364 ordinary shares
- Placement cornerstoned by strategic Australian and International Institutions
- The Placement offer included one free attaching listed option for every three ordinary shares applied for, exercisable at 6.5c on or before 30 June 2019
- Company to undertake a Priority Right Offer, to offer all shareholders the opportunity to participate on the same terms, 4.4 cents per share with a free attaching one listed option for three shares at 6.5c on or before June 2019
- The Priority Right Offer will allow all existing shareholders the opportunity to participate on the same terms as the professional and sophisticated investors in the placement
- Record date for the PRO will be Tuesday 10 May 2016
- Use of funds to include construction of the Company's Slovenian CBD growing facility, research laboratory and CBD extraction facility, genetics and breeding research operations, roll-out MGC Derma cosmetics product line of approximately 50 products, including its psoriasis and acne treatment products as well as implementation of the Company's Australian Medical Cannabis Strategy

MGC Pharmaceuticals Ltd (ASX: MXC, "MGC Pharma" or "the Company") is pleased to announce it has received firm commitments to raise \$3.5 million before costs from professional and sophisticated investors via a share placement of up to 79,545,455 million fully paid ordinary shares ("Placement") at 4.4c per share, with potential to raise a further \$1.5 million via oversubscriptions through the issue of an additional 34,090,909 ordinary shares. The offer for the Placement, which is under a prospectus dated 4 May 2016, includes one free attaching listed option for every three ordinary shares applied for at an exercise price of 6.5c on or before 30 June 2019.

Due to the Placement bookbuild process being multiple times oversubscribed, the Company has resolved to issue the full \$5.0m amount under the offer. The Placement was cornerstoned by some strategic Australian and International Institutions.

Placement

The funds are being raised pursuant to its Prospectus lodged on 4 May 2016 and are being raised by Lead Manager, Sanlam Private Wealth Pty Ltd. The Placement was restricted to S708 exempt professional and sophisticated investors only.

The offer price of 4.4c per share represents a 19% discount to the last traded price (A\$0.054) on Friday 29 May, a 21.50% discount to 5-day volume weighted average price (VWAP) (A\$0.056) and a 17.30% discount to 20-day VWAP (A\$0.053).

The Placement shares will be listed on ASX and will rank pari-passu with the existing fully paid ordinary shares. The free attaching options are exercisable at 6.5c, expiring 30 June 2019 and will be issued following shareholder approval at the Company's next general meeting. The Company will apply for them to be a new class of listed securities with the ASX.

Priority Right Offer

In addition, the Company will also open a Priority Right Offer (PRO) to allow existing shareholders to participate in the capital raising via a separate offer, on exactly the same terms as the sophisticated investors under the Placement.

The Company's Priority Right Offer will be undertaken in the coming week, and the PRO offer will be under a separate prospectus. The PRO terms will be to raise up to \$2.0m at 4.4c per ordinary share through the issue of up to 45,454,545 ordinary shares, including one free attaching listed option for every three ordinary shares applied for, at an exercise price of 6.5c on or before 30 June 2019, these options will also be issued following shareholder approval. The PRO will also have the potential to raise a further \$0.5 million via oversubscriptions through the issue of an additional 11,363,636 ordinary shares.

The Company will offer all shareholders the opportunity to participate, and will be based on the record date of 10 May 2016. Each eligible shareholder will be able to apply for set allocations of \$2,500, \$5,000, \$10,000 or \$15,000 under the PRO.

Use of Funds

The funds raised by the Placement and PRO will see the Company fully funded to execute its current business plan, and be used for:

- The construction of the Company's Slovenian CBD growing facility
- Complete the build of the Slovenian research laboratory and CBD extraction facility
- To fund the Company's genetics and breeding research operations by its Czech Republic based Panax subsidiary, within VUKOZ's €8 million state-of-the-art laboratories and growing facility
- To continue the development and initial implementation of the Company's five pillar Australian Strategy
- Complete the roll-out of the Company's MGC Derma cosmetics product line of approximately 50 products, including its psoriasis and acne treatment products
- General working capital

Nativ Segev, Co-founder and Managing Director, MGC Pharmaceuticals commented:

"We are delighted to have received very strong support from new and existing shareholders for our fundraising. MGC Pharmaceuticals continues to make excellent operational progress in Europe and is well positioned to become a leading player in the Australian medical cannabis industry. This capital raise will allow us to continue to create shareholder value in the exciting and fast changing medical cannabis industry."

-Ends-

For further information, please contact:

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About MXC

MGC Pharmaceuticals Ltd (ASX: MXC) is EU based specialist medical cannabis company with many years of technical and commercial experience in the medical cannabis industry. The Company's founders were key figures in the Israeli medical cannabis industry and the core business strategy is to develop and supply high quality non-psychoactive Cannabidiol (CBD) resin extract to the growing European cosmetics and medical markets.

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