

10 May 2016

ASX Code: MXC

ASX Approval of Panax Transaction and Capital Raising Update

MGC Pharmaceuticals Ltd (ASX: MXC or “the Company”) would like to confirm immediate re-quotation of the Company’s securities upon the commencement of trading today, Tuesday 10 May 2016.

ASX Suspension – Confirmation of Panax Transaction not being a Change of Nature or Scale

The ASX placed the Company immediately in suspension on 4 May 2016 to seek confirmation that the Panax acquisition announced on 27 April 2016 was not a change of nature or scale under Chapter 11. The Company immediately engaged with the ASX to resolve the matter as quickly as practicable. The ASX has completed the review and based solely on the information provided, ASX has confirmed that listing rule 11.1.2 and 11.1.3 do not apply to the Panax acquisition. The Company will be required to provide ASX with legal opinions from reputable lawyers from the Czech Republic opining to the satisfaction of the ASX on the legality of the business being conducted by Panax.

\$5.0m Placement Proceeding to Completion – Updated Timetable

The Company announced a \$5.0m Placement and lodged a Prospectus on 4 May 2016. Due to the suspension imposed as set out above, the timetable for settlement of the Placement has been updated and is set out below:

Lodgement of Prospectus with the ASIC and ASX	4 May 2016
Lodgement of Appendix 3B	4 May 2016
Opening Date	4 May 2016
Closing Date*	10 May 2016
Expected date of Official Quotation of the Securities*	12 May 2016
Expected date of issue of holding statements*	13 May 2016

*The Directors reserve the right to alter these dates without notice.

MXC Shareholders’ Priority Offer to Proceed – Update on Prospectus and Timeline

The Company is proceeding with the Priority Offer Prospectus (PO), **all MXC shareholders will be eligible as at the new record date of Friday 13 May 2016 (Record Date).** The Company is currently finalising the PO Prospectus to send to eligible shareholders and expects lodgement to occur on or around 16 May 2016. Anyone who purchases shares on or before Wednesday 11 May 2016 will be a shareholder on the Record Date and will be eligible to participate in the PO.

The PO terms remain the same and 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 and issued, at an exercise price of 6.5c on or before 30 June 2019, these options will also be issued following shareholder approval. The PO 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.

An indicative timetable is detailed below for the PO however will be provided in the Prospectus once issued.

Record Date	5.00pm (WST) 13 May 2016
Lodgement of Prospectus with the ASIC and ASX	16 May 2016
Lodgement of Appendix 3B	16 May 2016
Opening Date	16 May 2016
Closing Date*	25 May 2016
Expected date of Official Quotation of the Securities*	26 May 2016

*The Directors reserve the right to alter these dates without notice.

Key items of the PO include:

- The PO will be placed on a first come first served basis
- The PO will be open to all shareholders who hold shares at 5.00pm (WST) on 13 May 2016 (Record Date)
- The PO Prospectus will be posted to shareholders with their Entitlement Form however shareholders who would like to download their Entitlement Form for faster acceptance will be able to login to Computershare's Investor Centre on or around 17 May 2016. A link to Computershare's Investor Centre is [here](#)
- Each eligible shareholder will be able to apply for set allocations of \$2,500, \$5,000, \$10,000 or \$15,000 under the PO

-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.