

12 January 2022

Barbara Lim
ASX Listing and Compliance
Via: listingcomplianceperth@asx.com.au

Re: ASX Query Letter dated 7 January 2022

Dear Barbara,

Please find below, MGC Pharmaceuticals Ltd's (**Company** and **MXC**) response to the queries contained in the ASX's Query Letter dated 7 January 2022, Reference: 44991.

1. Please explain how the information in the Announcement appeared in each of these Articles

- MXC's securities are quoted on both the Australian Securities Exchange (**ASX**) and the London Stock Exchange (**LSE**) (together "**Exchanges**"), with the Company's primary listing being the ASX.
- Both Exchanges have rules regarding the release of price sensitive information to the market, either requiring price sensitive information to be released "immediately" under ASX Listing Rules, and "as soon as possible" under the UK regulations.
- The ASX's Normal Trading takes place between 10:00am to 4:00pm (AEDT).
- The LSE trades between 8:00am – 4:30pm GMT (7:00pm – 3:30am (AEDT))
- The ASX Market Announcements Office's (**MAO**) normal business hours are 8:30am to 7:30pm (and 8:30pm (AEDT) during daylight saving). With the MAO currently operating under daylight saving hours.
- The current time difference between Sydney, Australia and London, United Kingdom is 11 hours, as such 7:00am GMT is 6:00pm (AEDT), and as noted above, the ASX's normal trading ends at 4:00pm (AEDT).
- Time of the release of the "Announcement" on the LSE's Regulated New Service ("**RNS**"):
 - o 7:00am GMT (6:00pm (AEDT)), i.e. post ASX Market Close of 4:00pm (AEDT), but during MAO normal business hours.
- Timing of release of the "Articles":
 - o BusinessCann (www.businesscann.com):
 - Date: 6 January 2022
 - Time: unknown
 - o Proactive (www.proactiveinvestors.com.au):
 - Date: 6 January 2022
 - Time: 7:38pm (AEDT)
 - o Investigate: Date:

- Date: 6 January 2022
 - Time: post RNS release time of 6:00pm (AEDT)
 - MorningStar (www.morningstar.co.uk):
 - Date: 6 January 2022
 - Time: 1:35am 7 January 2022 (AEDT)
 - Fintel (www.fintel.io):
 - Date: 6 January 2020,
 - Time: unknown
- Based on the time stamps on a number of the websites where the Articles were published (as advised by the ASX) MXC assumes that the Announcement was picked up by news outlets from the release of the Announcement on the LSE's RNS at 7:00am GMT (6:00pm (AEDT)).

2. What arrangements does MXC have in place to ensure compliance with Listing Rule 15.7.1?

Listing Rules 15.7 and 15.7.1 state that:

15.7 An entity must not release information that is for release to the market to any person until it has given the information to ASX and has received an acknowledgment that ASX has released information to the market.

15.7.1 However, an entity may release information that is for release to the market, if it becomes available outside the hours of operation of the +market announcements office, to an overseas stock exchange that requires it. In that case, the entity must give the information to the +market announcements office at the same time, together with advice that it has released it.

MXC has a board approved Continuous Disclosure Policy (that has been review by MXC's lawyers in the UK and Australia), as outline in the ASX's Query Letter, which adequately deals with compliance with LR15.7.1

3. If the current arrangements are inadequate or not being enforced, what additional steps does MXC intend to take to ensure compliance with Listing Rule 15.7.1?

MXC confirms that over time there has been some "slippage" in compliance with listing rule 15.7.1 as the Company had been focused on compliance with its Continuous Disclosure Obligations in both jurisdictions, i.e. ensuring that markets are fully informed whilst in trading phase. As a result of becoming aware of the non-compliance issue with respect to LR15.7.1 MXC will be ensuring that all parties involved in the release of market information are aware of the Company's obligations under ASX Listing Rule LR15.7 and LR15.7.1, to ensure that:

- a. Announcements released during the ASX Market Announcements Office's normal business hours are given to the ASX Market Announcements office, and an ASX Release Confirmation received by the Company, prior to release on RNS (or given to any other *person); and
- b. Where Announcements are released on RNS outside of ASX Market Announcements Office's normal business hours (being, 7:30am to 7:30pm AEST (and 8:30pm AEDT during

daylight saving)), MXC will give the information to the Market Announcements office at the same time, together with advice that it has been released on RNS.

4. **Please confirm that MXC's responses to the above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an office of MXC with delegated authority from the board to respond to ASX on disclosure matters.**

The Company confirms that the responses to the questions above have been authorised by its board of directors.

Your Sincerely,

On behalf of MGC Pharmaceuticals Ltd



David Lim

Company Secretary



7 January 2022

Reference: 44991

Mr David Lim
Company Secretary
MGC Pharmaceuticals Limited

By email

Dear Mr Lim

MGC Pharmaceuticals Limited ('MXC'): Early release of information - Query

ASX refers to the following:

- A. MXC's announcement entitled "*Import approval granted for ArtemiC™ Rescue in India, opening the Indian market for sales*" lodged with ASX on 6 January 2022 at 9:45PM AEDT and released on the market announcements platform on 7 January 2022 at 9:54AM AEDT in which MXC disclosed that it had received an import approval permit for the importation of ArtemiC™ Rescue into India with the assistance of local partner, Carino Water Solutions & Energy (the 'Announcement').
- B. MXC's announcement entitled "*Import approval granted for ArtemiC™ Rescue in India, opening the Indian market for sales*" released on the London Stock Exchange on 6 January 2022 at 7:00AM GMT (being 6:00PM AEDT).
- C. The following media articles published on 6 January 2022:
 - (a) article appearing on BusinessCann under the headline MGC Pharmaceuticals wins food supplement import approval in India;
 - (b) article appearing on Proactive Investors Australia under the headline MGC Pharmaceuticals wins food supplement import approval in India;
 - (c) article appearing on Investegate under the headline MGC Pharmaceuticals wins food supplement import approval in India;
 - (d) article appearing on MorningStar under the headline MGC Pharmaceuticals wins food supplement import approval in India; and
 - (e) article appearing on Fintel under the headline MGC Pharmaceuticals wins food supplement import approval in India,(together, the 'Articles').
- D. Listing Rule 3.1 which states:

"Once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information"
- E. Listing Rules 15.7 and 15.7.1 which state:

"15.7 An entity must not release information that is for release to the market to any person until it has given the information to ASX and has received an acknowledgment that ASX has released information to the market."

15.7.1 However, an entity may release information that is for release to the market, if it becomes available outside the hours of operation of the +market announcements office, to an overseas stock exchange that requires it. In that case, the entity must give the information to the +market announcements office at the same time, together with advice that it has released it.”

F. Page 26 of MXC’s Continuous Disclosure Policy available on its website, stating:

“The ASX also has an ‘ASX first’ policy – ASX Listing Rule 15.7 requires that a company must not release information that is for release to the ASX to anyone until it has given the information to the ASX, and has received an acknowledgement from the ASX that the information has been released to the market on the ASX Market Announcements Platform.

In practice this means that, where possible, the Company should aim to release announcements to both markets simultaneously. This may not always be possible where a material event occurs outside of ASX market hours but within LSE market hours. In such a case, although the Company has an obligation under the ASX Listing Rules to release material price sensitive information through the ASX Market Announcements Platform before it is released to anyone else, the ASX recognises that sometimes events will occur outside of the hours of operation of the ASX Market Announcements office which require an immediate public announcement. It is understood that if a company has a pressing commercial or legal need to make a market sensitive announcement outside of the hours of operation of the ASX Market Announcements office, for example because of a regulatory obligation to announce to the LSE, provided the Company gives a copy of the announcement to the ASX Market Announcements office at the same time as it makes the announcement, so that it is queued for processing by the ASX Market Announcements office before the ASX next opens for trading, the ASX will generally not take any action against the entity for infringing ASX Listing Rule 15.7.”

Listing Rule 15.7 requires that a listed entity not release information which is for release to the market to any person (including the media, even on an embargoed basis) until it has given the information to ASX and received an acknowledgement that ASX has released it to the market.

As the Articles have appeared in the abovementioned media outlets prior to the Announcement being released to ASX, it appears that MXC may have breached listing rules 3.1 and/or 15.7.1.

Request for information

Having regard to the above, ASX asks MXC to respond separately to each of the following questions and requests for information:

1. Please explain how the information in the Announcement appeared in each of the Articles.
2. What arrangements does MXC have in place to ensure compliance with Listing Rule 15.7.1?
3. If the current arrangements are inadequate or not being enforced, what additional steps does MXC intend to take to ensure compliance with Listing Rule 15.7.1?
4. Please confirm that MXC’s responses to the above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of MXC with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4:00 PM AWST Wednesday, 12 January 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall

within the exceptions mentioned in Listing Rule 3.1A, MXC's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require MXC to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in MXC's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in MXC's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to MXC's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that MXC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Barbara Lim
Adviser, Listings Compliance (Perth)