

16 October 2018

Isabelle Andrews
Advisor, Listings Compliance
Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Tce
Perth WA 6000

Via email: tradinghaltsp Perth@asx.com.au

Dear Isabelle

We refer to your letter dated 16 October 2018 to MGC Pharmaceuticals Ltd (“MXC” or the “Company”) noting the change in the price of MXC’s securities from an intra-day low of \$0.065 to an intra-day high of \$0.081 today, 16 October 2018. A significant increase in the volume of MXC’s securities traded today was also noted.

As requested, please find the Company’s response to each of the following questions and requests for information:

1. Is MXC aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?

No. MXC is not aware of any information concerning the Company that has not been announced to the market. The Company has recently released a number of material announcements, specifically in relation to MXC’s Medicinal Cannabis based IMP, CannEpi™, now being available for supply in Australia under the Authorised Prescriber Scheme, and the strategic disposal of its MGC Derma business to a Canadian cannabis company. MXC confirms it would advise the market immediately if there are any material changes to the terms as previously announced.

2. If the answer to question 1 is “yes”:

a) Is MXC relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in MXC’s securities would suggest to ASX that such information may have ceased to be confidential and therefore MXC may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.

Not applicable

b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).

Not applicable

c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?

Not applicable.

3. If the answer to question 1 is “no”, is there any other explanation that MXC may have for the recent trading in its securities?

The Company has recently disclosed to the ASX a Binding Term Sheet signed with Canadian cannabis investment company, CannaGlobal, to acquire 100% of MGC Derma. The Company notes Canadian federal legislation for recreational cannabis use is being legalized nationally tomorrow, 17 October 2018, and may be an additional reason for today’s trading of the Company’s securities.

4. Please confirm that MXC is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

We confirm that MXC is in compliance with the Listing Rules and, in particular, Listing Rule 3.1

5. Please confirm that MXC’s response to the questions above have been authorized and approved in accordance with 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.

We confirm that MXC’s responses to the questions have been authorized and approved by an officer of MXC with delegated authority from the Board to respond to ASX on disclosure matters.

Yours faithfully

Kate Sainty
Joint Company Secretary



16 October 2018

Ms Kate Sainty
Company Secretary
MGC Pharmaceuticals Limited
1202 Hay Street
West Perth WA 6005

By email:

Dear Ms Sainty

MGC Pharmaceuticals Ltd (“MXC”): price and volume query

We note the change in the price of MXC’s securities from an intra-day low of \$0.065 to an intra-day high of \$0.081 today, 16 October 2018.

We also note the significant increase in the volume of MXC’s securities traded today.

In light of this, ASX asks MXC to respond separately to each of the following questions and requests for information:

1. Is MXC aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
 - a) Is MXC relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in MXC’s securities would suggest to ASX that such information may have ceased to be confidential and therefore MXC may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that MXC may have for the recent trading in its securities?
4. Please confirm that MXC is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that MXC’s responses to the questions above have been authorised and approved in accordance with 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, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **2:45 pm WST** on 16 October 2018. If we do not have your response by then, ASX will have no choice but to consider suspending trading in MXC’s securities under Listing Rule 17.3.

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.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at tradinghaltspert@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.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately 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. Exceptions to this requirement are set out in Listing Rule 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.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, 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 to request 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*.

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

[Sent electronically without signature]

Isabelle Andrews

Adviser, Listings Compliance (Perth)