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**MGC PHARMACEUTICALS LTD**

**ACN 116 800 269**

**NOTICE OF ANNUAL GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 5:00pm (WST)

**DATE:** Tuesday, 29 November 2016

**PLACE:** Level 7, 1008 Hay Street Perth WA 6000

*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 27 November 2016.*

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2016."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DR ROSS WALKER

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

*"That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Dr Ross Walker, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

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#### 4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**5. RESOLUTION 4 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – DR ROSS WALKER**

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

*“That, for the purposes ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 4,000,000 Related Party Performance Rights to Dr Ross Walker (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Ross Walker (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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**6. RESOLUTION 5 – NON-EXECUTIVE DIRECTORS’ REMUNERATION**

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

*“That, for the purposes of clause 13.8 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve the maximum total aggregate fixed sum per annum to be paid to non-executive Directors be set at \$250,000 to be paid in accordance with the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

### **Voting Prohibition Statement**

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.

However, 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.

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**Dated: 20 October 2016**

**By order of the Board**



**Brett Mitchell**  
**Executive Chairman**

### **Voting in person**

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

### **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 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 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 changes to the Corporations Act made in 2011 mean 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.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9389 2000.***

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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. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.mgcpharma.com.au](http://www.mgcpharma.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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## 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – DR ROSS WALKER

### 3.1 General

Section 13.2 of the Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Dr Ross Walker, who has served as a Director since 15 February 2016, having been elected at the Company's 2015 Annual General Meeting held 30 November 2015, retires by rotation and seeks re-election.

### 3.2 Qualifications and other material directorships

Dr Ross Walker is an eminent practicing cardiologist with over 35 years' experience as a clinician. For the past 20 years, he has been focusing on preventative cardiology and is one of Australia's leading preventative health experts.

Considered one of the world's best keynote speakers and life coaches, he is the author of seven best-selling books, a health presenter in the Australian Media, including regular appearances on the Nine Network's 'Today Show' and 'A Current Affair', and Sky News, Switzer Business. He also has a weekly radio show on Sydney's 2UE/ 4BC & 2CC with other regular segments on 2UE, 6PR, 4BC and 3AW.

During the last three years, Dr Ross Walker has not served as a director of any other listed company.

### 3.3 Independence

If elected the board considers that Dr Walker will be an independent director.

### 3.4 Board recommendation

The Board supports the re-election of Dr Walker and recommends that Shareholders vote in favour of Resolution 2.

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## 4. RESOLUTION 3 – APPROVAL OF 10% PLACEMENT CAPACITY – SHARES

### 4.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$42,272,153 (based on the number of Shares on issue and the closing price of Shares on the ASX on 20 October 2016).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has two classes of quoted Equity Securities on issue, being the Shares (ASX Code: MXC) and quoted Options (ASX Code: MXCOD).

If Shareholders approve Resolution 3, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

#### **4.2 Technical information required by ASX Listing Rule 7.1A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 4.2(a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 3 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 20 October 2016.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.023 50% decrease in Issue Price	\$0.046 Issue Price	\$0.069 50% increase in Issue Price
918,959,855 (Current Variable A)	Shares issued - 10% voting dilution	91,895,986 Shares	91,895,986 Shares	91,895,986 Shares
	Funds raised	\$2,113,607	\$4,227,215	\$6,340,823
1,378,439,783 (50% increase in Variable A)	Shares issued - 10% voting dilution	137,843,978 Shares	137,843,978 Shares	137,843,978 Shares
	Funds raised	\$3,170,411	\$6,340,823	\$9,511,234
1,837,919,710 (100% increase in Variable A)	Shares issued - 10% voting dilution	183,791,971 Shares	183,791,971 Shares	183,791,971 Shares
	Funds raised	\$4,227,215	\$8,454,430	\$12,681,646

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

- There are currently 918,959,855 Shares on issue, consisting:
  - 715,613,155 Shares (including 13,000,000 Shares which are subject to a voluntary holding lock);
  - 63,346,700 Shares escrowed until 23 February 2018; and
  - 140,000,000 Shares escrowed until 15 February 2017.
- The issue price set out above is the closing price of the Shares on the ASX on \$0.046.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities. If the issue of Equity Securities includes quoted Options, it is assumed that those quoted Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.



6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the potential acquisition of new projects, assets and investments (including expenses associated with such an acquisition), continued expenditure on the Company's current assets and general working capital or;
- (ii) as non-cash consideration for the potential acquisition of new assets and investments including any previously announced acquisitions, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

**(e) Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and

- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 30 November 2015 (**Previous Approval**).

The Company has issued 71,143,325 Shares pursuant to the Previous Approval. The issue of these Shares was subsequently ratified by Shareholders at the Company's general meeting of Shareholders held 27 September 2016.

During the 12 month period preceding the date of the Meeting, being on and from 29 November 2015, the Company also issued a further 340,229,978 Shares, 76,818,380 Options (20,000,000 of which were subsequently cancelled), 100,000,000 Performance Shares and 32,500,000 Related Party Performance Rights which represents approximately 107% of the total diluted number of Equity Securities on issue in the Company on 29 November 2015, which was 561,086,552.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 2.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

#### 4.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 3.

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## 5. RESOLUTION 4 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – DR ROSS WALKER

### 5.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 4,000,000 Performance Rights (**Related Party Performance Rights**) to Dr Ross Walker (or his nominee).

The Related Party Performance Rights will be issued to Dr Walker (or his nominee) on the terms and conditions set out in Schedule 1 of this Notice.

The Board considers the granting of the Related Party Performance Rights to be a cost effective reward for the Company to make to appropriately incentivise the continued

performance of Dr Walker and is consistent with the strategic goals and targets of the Company.

Resolutions 4 seeks Shareholder approval for the grant of the Related Party Performance Rights to Dr Walker (or his nominee).

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

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:

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

The Directors (other than Dr Walker, given his material personal interest in Resolution 4) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Performance Rights because the agreement to grant the Related Party Performance Rights, reached as part of the remuneration package for Dr Walker, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

## **5.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Related Party Performance Rights involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

## **5.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 4:

- (a) the Related Party Performance Rights will be granted to Dr Ross Walker (or his nominee);
- (b) the number of Related Party Performance Rights to be issued is 4,000,000;

- (c) the Related Party Performance Rights will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Related Party Performance Rights will occur on the same date;
- (d) the Related Party Performance Rights will be issued for nil cash consideration, accordingly no funds will be raised; and
- (e) the terms and conditions of the Related Party Performance Rights are set out in Schedule 1.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Performance Rights as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Performance Rights to Dr Walker (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **6. RESOLUTION 5 – NON-EXECUTIVE DIRECTORS' REMUNERATION**

ASX Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to all of its non-executive directors without the approval of holders of its ordinary securities.

Clause 13.7 of the Constitution requires that the total aggregate fixed sum per annum to be paid as remuneration to the Directors (excluding salaries of executive Directors) from time to time will not exceed the sum determined by the Shareholders in general meeting and the total aggregate fixed sum will be divided between the non-executive Directors in such proportions as they determine or, in default of agreement, between them in equal shares.

The maximum aggregate amount of fees payable to all of the non-executive Directors is currently set at \$150,000. Resolution 5 seeks Shareholder approval to increase this figure by \$100,000 to \$250,000.

This amount includes superannuation contributions made by the Company for the benefit of non-executive Directors and any fees which a non-executive Director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with the Constitution, or securities issued to a non-executive Director under ASX Listing Rule 10.11 or 10.14 with approval of Shareholders.

The total aggregate fixed sum per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration provides the Board with adequate flexibility in determining the future composition of the Board and is in line with corporate remuneration of similar companies.

In the past 3 years, the Company has not issued any securities to non-executive Directors with prior Shareholder approval under ASX Listing Rules 10.11 and 10.14.

On 27 September 2016, Shareholder's approved the issue of an aggregate of 32,500,000 Performance Rights to Directors under ASX Listing Rule 10.11.

Resolution 4 of this Notice seeks Shareholder approval for the issue of 4,000,000 Related Party Performance Rights to Dr Ross Walker (a non-executive Director) under ASX Listing Rule 10.11.

Given the interest of the non-executive Directors in Resolution 5, the Board makes no recommendation to Shareholders regarding Resolution 5.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in Section 4.1.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

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

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

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

**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).

**Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**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.

**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.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Performance Right** means a performance right in the Company issued on the terms and conditions outlined in Schedule 1.

**Performance Share** means a performance share in the Company issued on the terms and conditions outlined in Section 14.2 of the Company's prospectus dated 18 December 2015.

**Proxy Form** means the proxy form accompanying the Notice.

**Related Party Performance Rights** means a Performance Right granted pursuant to Resolution 4 with the terms and conditions set out in Schedule 1.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2016.

**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.

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

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

**Variable A** means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

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

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## SCHEDULE 1 – TERMS AND CONDITIONS OF RELATED PARTY PERFORMANCE RIGHTS

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

- (a) **(Vesting)**: The Related Party Performance Rights shall vest upon satisfaction of the following:
- (i) continuous service of the Related Party Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Related Party Performance Rights to 31 December 2016 (**Milestone 1**) 60% of the Related Party Performance Rights will vest at Milestone 1;
  - (ii) continuous service of the Related Party Performance Rights holder in their capacity as a Director or Executive of the Company, or in a role as otherwise agreed by the Board of the Company, from the date of issue of the Related Party Performance Rights to 31 December 2017 (**Milestone 2**); the remaining 40% of the Related Party Performance Rights will vest at Milestone 2;
- (each referred to as a **Milestone**).
- (b) **(Conversion)**: each Related Party Performance Right will, at the election of the holder, convert into one Share.
- (c) **(Lapse of a Performance Right)**: If the holder of a Related Party Performance Right ceases to be a Director of the Company (**Outgoing Director**), it will be at the sole discretion of the Board whether the Related Party Performance Right is to lapse if it has not been converted into a Share prior to the cessation date of the Outgoing Director's service.
- (d) **(Consideration)**: The Related Party Performance Rights will be issued for nil consideration and no consideration will be payable upon the conversion of the Related Party Performance Rights into Shares.
- (e) **(Share ranking)**: All Shares issued upon conversion of the Related Party Performance Rights will upon issue rank pari passu in all respects with other Shares.
- (f) **(Listing of Shares on ASX)**: The Related Party Performance Rights will not be quoted on ASX. Upon conversion of the Related Party Performance Rights into Shares, the Company will apply for quotation of all Shares issued upon conversion of the Related Party Performance Rights within the period required by ASX.
- (g) **(Timing of issue of Shares on exercise)**: Within 15 Business Days after the date that the Related Party Performance Rights are exercised, the Company will:
- (i) issue the number of Shares required under these terms and conditions in respect of the number of Related Party Performance Rights exercised;
  - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
  - (iii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Related Party Performance Rights.

- (h) **(Transfer of Performance Rights):** A Related Party Performance Right is not transferable (including encumbering the Related Party Performance Rights).
- (i) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Related Party Performance Rights and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Related Party Performance Rights.
- (j) **(Adjustment for reconstruction):** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Related Party Performance Right are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (k) **(Dividend and Voting Rights):** A Performance Right does not confer upon the holder an entitlement to notice of, or to vote or attend at, a meeting of the Shareholders of the Company or receive dividends declared by the Company.



**SCHEDULE 2 – ISSUES OF EQUITY SECURITIES SINCE 29 NOVEMBER 2015**

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 31/12/2015 Appendix 3B – 4/01/2016	10,000,000	Unlisted Options <sup>3</sup>	Merchant Corporate Capital (or its nominee(s)) as detailed in the Company's announcement on 30 June 2015. Approved by Shareholders at the Company's General Meeting held 16 November 2015.	No issue price (non-cash consideration)	<b>Consideration:</b> Issued in consideration for Merchant Corporate Capital's sub-underwriting of the conversion of the Company's listed \$0.02 options that were not exercised by existing option holders prior to their expiry. Further details are contained in the Company's announcement on 23 June 2015.  <b>Current value<sup>6</sup></b> = Nil (these were subsequently cancelled)
Issue – 31/12/2015 Appendix 3B – 4/01/2016	10,000,000	Unlisted Options <sup>4</sup>	Merchant Corporate Capital (or its nominee(s)) as detailed in the Company's announcement on 30 June 2015. Approved by Shareholders at the Company's General Meeting held 16 November 2015.	No issue price (non-cash consideration)	<b>Consideration:</b> Issued in consideration for Merchant Corporate Capital's sub-underwriting of the conversion of the Company's listed \$0.02 options that were not exercised by existing option holders prior to their expiry. Further details are contained in the Company's announcement on 23 June 2015.  <b>Current value<sup>6</sup></b> = Nil (these were subsequently cancelled)
Issue – 15/02/2016 Appendix 3B – 16/02/2016	60,000,000	Shares <sup>2,7</sup>	Vendors of MGC Pharma (UK). Issue was approved by Shareholders at the Company's General Meeting held 16 November 2016.	No issue price (non-cash consideration)	<b>Consideration:</b> Issued in consideration for the Company's acquisition of 100% of the issued share capital of MGC Pharma (UK). Further details are contained in the Company's Prospectus dated 18 December 2015.  <b>Current value<sup>6</sup></b> = \$2,760,000
Issue – 15/02/2016 Appendix 3B – 16/02/2016	3,346,700	Shares <sup>2,7</sup>	Media and Capital Partners. Issue was approved by Shareholders at the Company's General Meeting held 16 November 2016.	No issue price (non-cash consideration)	<b>Consideration:</b> Issued in lieu of cash payment for professional services provided to the Company. Further details are contained in the Company's Notice of General Meeting announced 14 October 2015.  <b>Current value<sup>6</sup></b> = \$153,948
Issue – 15/02/2016 Appendix 3B – 16/02/2016	140,000,000	Shares <sup>2,8</sup>	Vendors of MGC Pharma (UK). Issue was approved by Shareholders at the Company's General Meeting held 16 November 2016.	No issue price (non-cash consideration)	<b>Consideration:</b> Issued in consideration for the Company's acquisition of 100% of the issued share capital of MGC Pharma (UK). Further details are contained in the Company's Prospectus dated 18 December 2015.  <b>Current value<sup>6</sup></b> = \$6,440,000
Issue – 15/02/2016	500,000	Shares <sup>2</sup>	Subscribers to the Company's public offer of Shares pursuant to the Prospectus dated 18 December 2015.	\$0.02 (discount of 23%). Note that prior to this issue, the Company's securities had been	<b>Amount raised</b> = \$10,000 <b>Amount spent</b> = \$10,000 <b>Use of funds</b>

Appendix 3B – 16/02/2016				suspended from trading from 16 November 2015.	<p>Funding for:</p> <ul style="list-style-type: none"> <li>growing facilities, including greenhouses;</li> <li>extraction and laboratory facilities;</li> <li>Ananda Cosmetics Joint Venture – cosmetics product line;</li> <li>CBD Genetics Research and Development;</li> <li>corporate overheads and operating costs; and</li> <li>costs of the offer.</li> </ul> <p><b>Amount remaining = Nil</b></p>
Issue – 15/02/2016 Appendix 3B – 16/02/2016	30,000,000	Performance Shares <sup>7,9</sup>	Vendors of MGC Pharma (UK). Issue was approved by Shareholders at the Company's General Meeting held 16 November 2016	No issue price (non-cash consideration)	<p><b>Consideration:</b> Issued in consideration for the Company's acquisition of 100% of the issued share capital of MGC Pharma (UK). Further details are contained in the Company's Prospectus dated 18 December 2015.</p> <p><b>Value as at 30 September 2016 (assuming a weighted outcome of 75% still reflects the probability of meeting the performance targets)<sup>6</sup></b> = \$882,000</p>
Issue – 15/02/2016 Appendix 3B – 16/02/2016	70,000,000	Performance Shares <sup>8,9</sup>	Vendors of MGC Pharma (UK). Issue was approved by Shareholders at the Company's General Meeting held 16 November 2016	No issue price (non-cash consideration)	<p><b>Consideration:</b> Issued in consideration for the Company's acquisition of 100% of the issued share capital of MGC Pharma (UK). Further details are contained in the Company's Prospectus dated 18 December 2015.</p> <p><b>Value as at 30 September 2016 (assuming a weighted outcome of 75% still reflects the probability of meeting the performance targets)<sup>6</sup></b> = \$2,058,000</p>
Issue – 11/05/2016 Appendix 3B – 11/05/2016	29,750,000	Shares <sup>2</sup>	Holders of Unlisted Options exercisable at \$0.025 expiring 30 June 2017.	Nil cash consideration (issued upon conversion of existing Unlisted Options)	<p><b>Consideration:</b> Issued upon conversion of existing Unlisted Options</p> <p><b>Current value<sup>6</sup></b> = \$1,368,500</p>
Issue – 12/05/2016 Appendix 3B – 11/05/2016	113,636,384	Shares <sup>2</sup>	Issued to professional and sophisticated investors pursuant to the Company's Prospectus dated 4 May 2016 and Supplementary Prospectus dated 11 May 2016. Issue was ratified by Shareholders at the Company's General Meeting held 27 September 2016..	\$0.044 (discount of 8.33%).	<p><b>Amount raised</b> = \$5,000,000</p> <p><b>Amount spent</b> = \$876,385</p> <p><b>Use of funds</b></p> <p>Construction of the Slovenian CBD growing facility, construction of the Slovenian laboratory and CBD extraction facility, funding the Panax/Vukoz genetics and breeding research operations, development of Australian Strategy and implementation, complete the rollout of the MGC Derma cosmetics product line, including its psoriasis and acne treatment products, new medical product development and facilities, application by the Company for Australian growers licence and working capital in accordance with the use of funds table set out in section 5.1 of the Prospectus dated 4 May 2016.</p>

					<p><b>Amount remaining</b> = \$4,123,615</p> <p><b>Proposed use of remaining funds<sup>5</sup></b>  Construction of the Slovenian CBD growing facility, construction of the Slovenian laboratory and CBD extraction facility, funding the Panax/Vukoz genetics and breeding research operations, development of Australian Strategy and implementation, complete the rollout of the MGC Derma cosmetics product line, including its psoriasis and acne treatment products, new medical product development and facilities, application by the Company for Australian growers licence and working capital</p>
Issue – 12/05/2016  Appendix 3B – 11/05/2016	2,000,000	Shares <sup>2</sup>	S3 Consortium Pty Ltd (trading as “StocksDigital”) pursuant to a services contract. Issue was ratified by Shareholders at the Company’s General Meeting held 27 September 2016..	No issue price (non-cash consideration)	<p><b>Consideration:</b> Issued in lieu of cash for services provided to the Company.</p> <p><b>Current value<sup>6</sup></b> = \$92,000</p>
Issue – 31/05/2016  Appendix 3B – 31/05/2016	56,818,370	Shares <sup>2</sup>	Issued to participants of a priority offer to Shareholders pursuant to the Company’s prospectus dated 16 May 2016. Issue was ratified by Shareholders at the Company’s General Meeting held 27 September 2016..	\$0.044 (discount of 27.87%).	<p><b>Amount raised</b> = \$2,500,008</p> <p><b>Amount spent</b> = \$2,156,971 (including repayment of working capital loan+interest+facilitation fee)</p> <p><b>Use of funds</b></p> <p>Funding for:</p> <ul style="list-style-type: none"> <li>• expenses of the offer; and</li> <li>• general costs associated with the management and operation of the business, including administration expenses, salaries, directors’ fees, rent and other associated costs</li> </ul> <p>in accordance with the use of funds table set out in section 5.1 of the Prospectus dated 16 May 2016</p> <p><b>Amount remaining</b> = \$343,038</p> <p><b>Proposed use of remaining funds<sup>5</sup></b>  General costs associated with the management and operation of the business, including administration expenses, salaries, directors’ fees, rent and other associated costs</p>
Issue – 23/06/2016  Appendix 3B – 23/06/2016	2,500,000	Shares <sup>2</sup>	Holders of Unlisted Options exercisable at \$0.025 expiring 30 June 2017.	Nil cash consideration (issued upon conversion of existing Unlisted Options)	<p><b>Consideration:</b> Issued upon conversion of existing Unlisted Options</p> <p><b>Current value<sup>6</sup></b> = \$115,000 based on share price of \$0.046 on 20/10/2016</p>

Issue – 23/06/2016  Appendix 3B – 23/06/2016	2,500,000	Shares <sup>2</sup>	Holders of Unlisted Options exercisable at \$0.04 expiring 30 June 2017.	Nil cash consideration (issued upon conversion of existing Unlisted Options)	<b>Consideration:</b> Issued upon conversion of existing Unlisted Options <b>Current value<sup>6</sup></b> = \$115,000
Issue – 12/08/2016  Appendix 3B – 12/08/2016	321,849	Shares <sup>2</sup>	Two nominees of Saki Partners Pty Ltd pursuant to a consultancy services agreement. Issue was ratified by Shareholders at the Company's General Meeting held 27 September 2016.	No issue price (non-cash consideration)	<b>Consideration:</b> Issued in lieu of cash for services provided to the Company. <b>Current value<sup>6</sup></b> = \$14,805
Issue – 6/10/2016  Appendix 3B – 6/10/2016	56,818,380	Listed Options <sup>10</sup>	37,878,840 Options issued to professional and sophisticated investors pursuant to the Company's Prospectus dated 4 May 2016 and Supplementary Prospectus dated 11 May 2016. Issue was approved by Shareholders at the Company's General Meeting held 27 September 2016.  18,939,540 Options issued to participants of a priority offer to Shareholders pursuant to the Company's prospectus dated 16 May 2016. Issue was approved by Shareholders at the Company's General Meeting held 27 September 2016.	Nil cash consideration (free attaching to Shares issued under the Placement Offer contained in the Company's prospectus dated 4 May 2016 and Supplementary Prospectus dated 11 May 2016, and Priority Offer contained in the Company's prospectus dated 16 May 2016, on the basis one Option for every 3 Shares issued).	<b>Consideration:</b> Free attaching to Shares issued under the Placement Offer contained in the Company's prospectus dated 4 May 2016 and Supplementary Prospectus dated 11 May 2016, and Priority Offer contained in the Company's prospectus dated 16 May 2016, on the basis one Option for every 3 Shares issued. <b>Current value<sup>4</sup></b> = \$2,613,645
Issue – 17/10/2016  Appendix 3B – 17/10/2016	32,500,000	Performance Rights <sup>11</sup>	32,500,000 Performance Rights issued to Directors. Issue was approved by Shareholders at the Company's General Meeting held 27 September 2016.	No issue price (non-cash consideration)	<b>Consideration:</b> Issued to Directors to incentivise the continued performance, full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 27/09/2016. <b>Current value<sup>12</sup></b> = Milestone 1 \$955,500 and Milestone 2 \$637,000 using closing share price on Friday of \$0.049

**Notes:**

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: MXC (terms are set out in the Constitution).
3. Unquoted Options, exercisable at \$0.025 each, on or before 30 June 2017. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 16 November 2015.

4. Unquoted Options, exercisable at \$0.04 each, on or before 30 June 2017. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 16 November 2015.
5. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
6. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.046) and Options (\$0.019) on the ASX on 20 October 2016. In respect of unquoted Equity Securities the value of Performance Shares, The determination of the fair value is based on a probability weighted payout approach, where the key assumptions take into consideration the probability of meeting the performance targets. As at 30 June 2016, it was determined that the probability of meeting the targets was highly probable and the weighted outcome was considered to be 75%. The performance share is thereby valued based on this probability and its underlying share price.
7. Subject to escrow until 23 February 2018.
8. Subject to escrow until 15 February 2017.
9. Full terms and conditions contained in Section 14.2 of the Company's prospectus dated 18 December 2015.
10. Quoted Options (ASX Code: MXC), exercisable at \$0.065 each, on or before 30 June 2019. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 27 September 2016.
11. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 27/09/2016.
12. The fair value of the performance shares is recognised as a share based payment expense, where the total amount expensed is determined by reference to, the fair value of the performance shares granted, including the market performance conditions and the impact of any non-vesting conditions, and is recognised over the vesting period, which is the period over which all of the specified performance conditions are satisfied.



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(within Australia) 1300 850 505  
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MXC  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Proxy Form**

**XX**



**Vote and view the annual report online**

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



**Your access information that you will need to vote:**

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

**For your vote to be effective it must be received by 5:00pm (WST) Sunday, 27 November 2016**

**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.

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** →

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.



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I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

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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 Annual General Meeting of MGC Pharmaceuticals Ltd to be held at Level 7, 1008 Hay Street, Perth, Western Australia on Tuesday, 29 November 2016 at 5:00pm (WST) 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 1, 4 and 5 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 4 and 5 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 1, 4 and 5 by marking the appropriate box in step 2 below.

## 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
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Dr Ross Walker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of Performance Rights to Related Party – Dr Ross Walker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Non-Executive Directors' Remuneration	<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.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date / / \_\_\_\_\_

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Computershare +