



MGC PHARMACEUTICALS LTD
ACN 116 800 269
NOTICE OF GENERAL MEETING

TIME: 4.00pm
DATE: Tuesday 27 September 2016
PLACE: Level 7, 1008 Hay Street Perth WA 6000

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.

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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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 4.00pm (WST) on Tuesday, 27 September 2016 at:

Level 7
1008 Hay Street
Perth WA 6000

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

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 4.00pm (WST) on Sunday 25 September 2016.

Voting in person

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

Voting by proxy

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.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER PLACEMENT

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 113,636,384 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. 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.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES TO CONSULTANT

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 2,000,000 Shares in lieu of cash for services provided to the Company on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. 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.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER PRIORITY OFFER

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 56,818,370 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. 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.

4. RESOLUTION 4 – ISSUE OF FREE ATTACHING OPTIONS UNDER PLACEMENT

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 37,878,840 Options exercisable at \$0.065 expiring on 30 June 2019 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 proposed issue 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 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.

5. RESOLUTION 5 – ISSUE OF FREE ATTACHING OPTIONS UNDER PRIORITY OFFER

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 18,939,540 Options exercisable at \$0.065 expiring on 30 June 2019 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 proposed issue 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 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.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES TO NOMINEES OF SAKI PARTNERS PTY LTD

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 321,849 Shares in lieu of cash for services provided to the Company on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. 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.

7. RESOLUTION 7 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – NATIV SEGEV

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 12,500,000 Related Party Performance Rights to Mr Nativ Segev (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 Nativ Segev (or his nominee) 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.

8. RESOLUTION 8 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – BRETT MITCHELL

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 10,000,000 Related Party Performance Rights to Mr Brett Mitchell (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 Brett Mitchell (or his nominee) 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.

9. RESOLUTION 9 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTY – ROBY ZOMER

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

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 10,000,000 Related Party Performance Rights to Mr Roby Zomer (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 Roby Zomer (or his nominee) 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.

10. RESOLUTION 10 – RE-APPROVAL OF EMPLOYEE PERFORMANCE RIGHTS PLAN

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

“That, in accordance with ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to issue Performance Rights under the Company’s existing Employee Performance Rights Plan (Plan).”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who (or any of whose associates) is eligible to participate in the Plan. 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.

11. RESOLUTION 11 – ISSUE OF OPTIONS TO KEY CORPORATE ADVISORS AND CONSULTANTS

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 35,000,000 Options exercisable at \$0.065 expiring on 30 June 2019 to key advisors and consultants, in lieu of cash fees, 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 proposed issue 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 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.

Dated: 26 August 2016

By order of the Board



Brett Mitchell
Executive Chairman

EXPLANATORY STATEMENT

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.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER PLACEMENT

1.1 General

On 12 May 2016, the Company issued 113,636,364 Shares at an issue price of \$0.044 per Share to professional and sophisticated investors to raise \$5,000,000 (**Placement**), pursuant to the prospectus and supplementary prospectus prepared by the Company dated 4 May 2016 and 11 May 2016 respectively (**Placement Prospectus**). Subject to Shareholder approval (which is being sought in Resolution 4), participants in the Placement will receive one (1) free attaching Option for every three (3) Shares subscribed for and issued.

The Placement Prospectus also contained an offer of 20 Shares at an issue price of \$0.044 per Share to specific parties on invitation from the Directors, for the purpose of section 708A(11) of the Corporations Act, to remove any trading restrictions on the sale of Shares issued by the Company prior to the closing date of the Placement Prospectus (**Cleansing Offer**).

The Company issued the Shares the subject of the Placement and Cleansing Offer without prior Shareholder approval out of its annual placement capacity pursuant to ASX Listing Rules 7.1 (42,493,059 Shares) and 7.1A (71,143,325 Shares).

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Shares the subject of the Placement and Cleansing Offer.

1.2 ASX Listing Rules 7.1 and 7.1A

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.1A provides that an eligible entity may seek Shareholder approval at its annual general meeting to allow it to issue equity securities up to 10% of its issued capital. The Company is an eligible entity and received approval for the 10% Placement Capacity at its annual general meeting in November 2015, within 12 months prior to the issue of the Shares the subject of Resolution 1.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1 and 7.1A. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 or 7.1A (and provided that the previous issue did not breach ASX Listing Rule 7.1 or 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1 or 7.1A (as applicable).

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and 10% annual placement capacity set out in ASX Listing Rule 7.1A, without the requirement to obtain prior Shareholder approval.

1.3 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification, the subject of Resolution 1:

- (a) 113,636,384 Shares were issued consisting of:
 - (i) 113,636,364 Shares pursuant to the Placement; and
 - (ii) 20 Shares pursuant to the Cleansing Offer,which were issued under the Company's existing annual placement capacity pursuant to ASX Listing Rules 7.1 (42,493,059 Shares) and 7.1A (71,143,325 Shares).
- (b) the issue price was \$0.044 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to professional and sophisticated investors. None of these subscribers were related parties of the Company; and
- (e) the funds raised from this issue are being used for 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 Placement Prospectus.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF SHARES TO CONSULTANT

2.1 General

On 12 May 2016, the Company issued 2,000,000 Shares to S3 Consortium Pty Ltd (trading as "StocksDigital") (**StocksDigital**) pursuant to a services contract entered between the parties in 2015 as part consideration in lieu of cash for services provided by StocksDigital in relation to the management of the Company's online digital presence and the online engagement of potential and current investors (**StocksDigital Shares**).

The Company issued the StocksDigital Shares without prior Shareholder approval out of its annual placement capacity pursuant to ASX Listing Rule 7.1.

Resolution 2 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the StocksDigital Shares.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 1.2 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

2.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification, the subject of Resolution 2:

- (a) 2,000,000 Shares were issued;
- (b) the deemed issue price was \$0.02 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to StocksDigital, who is not a related party of the Company; and
- (e) no funds were raised from this issue as the Shares were issued as part consideration in lieu of cash for services provided by StocksDigital in relation to the management of the Company's online digital presence and the online engagement of potential and current investors.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER PRIORITY OFFER

3.1 General

On 31 May 2016, the Company issued 56,818,370 Shares at an issue price of \$0.044 per Share to participants in a priority offer to Shareholders (**Priority Offer**) to raise \$2,500,000, pursuant to the prospectus prepared by the Company dated 16 May 2016 (**Priority Offer Prospectus**). Subject to Shareholder approval (which is being sought in Resolution 5), participants in the Priority Offer will receive one (1) free attaching Option for every three (3) Shares subscribed for and issued.

The Company issued the Shares the subject of the Priority Offer without prior Shareholder approval out of its annual placement capacity pursuant to ASX Listing Rule 7.1.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Shares the subject of the Priority Offer.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 1.2 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

3.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification, the subject of Resolution 3:

- (a) 56,818,370 Shares were issued;
- (b) the issue price was \$0.044 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (d) the Shares were issued to Shareholders who participated in the Priority Offer. None of these subscribers were related parties of the Company; and
- (e) the funds raised from this issue are being used for working capital in accordance with the use of funds table set out in section 5.1 of the Priority Offer Prospectus.

4. RESOLUTIONS 4 AND 5 – ISSUE OF FREE ATTACHING OPTIONS UNDER PLACEMENT AND PRIORITY OFFER

4.1 General

Resolutions 4 and 5 seek Shareholder approval for the issue of:

- (a) 37,878,840 Options exercisable at \$0.065 expiring on 30 June 2019 pursuant to the Placement (Resolution 4); and
- (b) 18,939,540 Options exercisable at \$0.065 expiring on 30 June 2019 pursuant to the Priority Offer (Resolution 5),

for nil cash consideration to subscribers in the Placement and Priority Offer on the basis of one (1) Option for every three (3) Shares subscribed for and issued.

A summary of ASX Listing Rule 7.1 is set out in section 1.2 above.

The effect of Resolutions 4 and 5 will be to allow the Company to issue the Options the subject of Resolutions 4 and 5 during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

4.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Options the subject of Resolutions 4 and 5:

- (a) the maximum number of Options to be issued is 56,818,380, consisting:
 - (i) 37,878,840 Options pursuant to the Placement (Resolution 4); and
 - (ii) 18,939,540 Options pursuant to the Priority Offer (Resolution 5);
- (b) the Options will be issued no later than 3 months 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 Options will occur on the same date;
- (c) the issue price of the Options will be nil as they will be issued free attaching with the Shares issued pursuant to the Placement and Priority Offer on the basis of one (1) Option for every three (3) Shares subscribed for and issued;
- (d) the Options will be issued to the subscribers in the Placement and Priority Offer (the subject of Resolutions 1 and 3 respectively) on the basis of one (1) Option for every three (3) Shares subscribed for and issued;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and

- (f) no funds will be raised from the issue of the Options as the Options are being issued for nil cash consideration.

5. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES TO NOMINEES OF SAKI PARTNERS PTY LTD

5.1 General

On 12 August 2016, the Company issued 321,849 Shares to two nominees of Saki Partners Pty Ltd (**Saki Partners**) pursuant to a 6-month consultancy services agreement entered into between the Company and Saki Partners dated 1 March 2016, as part consideration in lieu of cash for technical advisory services provided by Saki Partners (**Saki Partners Shares**).

The Company issued the Saki Partners Shares without prior Shareholder approval out of its annual placement capacity pursuant to ASX Listing Rule 7.1.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Saki Partners Shares.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 1.2 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

5.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the ratification, the subject of Resolution 6:

- (a) 321,849 Shares were issued;
- (b) the deemed issue price was \$0.0513 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to two nominees of Saki Partners, who are not related parties of the Company;
- (e) no funds were raised from this issue as the Shares were issued as part consideration in lieu of cash for 6 months of technical advisory services provided by Saki Partners.

6. RESOLUTIONS 7 TO 9 – ISSUE OF PERFORMANCE RIGHTS TO RELATED PARTIES

6.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue a total of 32,500,000 Performance Rights (**Related Party Performance Rights**) to certain Directors of the Company as follows:

- (a) 12,500,000 Related Party Performance Rights to Nativ Segev (or his nominee) (Resolution 7);

- (b) 10,000,000 Related Party Performance Rights to Brett Mitchell (or his nominee) (Resolution 8); and
- (c) 10,000,000 Related Party Performance Rights to Roby Zomer (or his nominee) (Resolution 9).

The Related Party Performance Rights will be issued to Messrs Segev, Mitchell and Zomer (or their nominees) (together, the **Relevant Directors**) on the terms and conditions set out in Schedule 2 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 the Relevant Directors and is consistent with the strategic goals and targets of the Company.

Resolutions 7 to 9 seek Shareholder approval for the grant of the Related Party Performance Rights to the Relevant Directors.

6.2 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 the Relevant Directors are related parties of the Company by virtue of being Directors.

The Directors (other than Mr Segev in relation to Resolution 7, Mr Mitchell in relation to Resolution 8 and Mr Zomer in relation to Resolution 9 given their material personal interests in these respective Resolutions) 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 the Relevant Directors, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

6.3 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 Options 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.

6.4 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 Resolutions 7 to 9:

- (a) the Related Party Performance Rights will be granted to the Relevant Directors (or their nominees);
- (b) the number of Related Party Performance Rights to be issued is 32,500,000, consisting:
 - (i) 12,500,000 Related Party Performance Rights to Nativ Segev (or his nominee) (Resolution 7);
 - (ii) 10,000,000 Related Party Performance Rights to Brett Mitchell (or his nominee) (Resolution 8); and
 - (iii) 10,000,000 Related Party Performance Rights to Roby Zomer (or his nominee) (Resolution 9).
- (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 Options 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 2.

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 the Relevant Directors (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

7. RESOLUTION 10 – RE-APPROVAL OF EMPLOYEE PERFORMANCE RIGHTS PLAN

7.1 General

The Company is seeking re-approval for the Company's existing Employee Performance Rights Plan (**Plan**) in accordance with ASX Listing Rule (exception 9(b)).

The Plan is designed to assist with the attraction, motivation and retention of relevant employees of the Company, align the interests of those employees and Shareholders by matching rewards with the long term performance of the Company. The Plan has previously been approved by Shareholders at the Company's 2012 Annual General Meeting.

Approval of the Plan by Shareholders in 2012 was for the purpose of an exception to ASX Listing Rule 7.1, which restricts (in certain circumstances) the issue of new securities in any 12 month period to 15% of issued shares without Shareholder approval. The applicable exception is contained in ASX Listing Rule 7.2, exception 9. The effect of Shareholder approval under that exception is that any issues of securities under the Plan are treated as having been made with the

approval of Shareholders for the purposes of ASX Listing Rule 7.1. Approval under the exception lasts for three years.

Resolution 10 seeks to refresh Shareholder approval for a further three years so that securities issued pursuant to the Plan are not included within the limit of 15% of issued Shares that can be issued without Shareholder approval.

Any future issues of securities under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Schedule 3. In addition, a copy of the Plan may be requested by contacting the Company.

7.2 Specific information required by ASX Listing Rule 7.2

In accordance with Listing Rule 7.2 Exception 9, information is provided as follows:

- (a) The material terms of the Plan are summarised in Schedule 3 to this Notice.
- (b) The Plan was previously approved by Shareholders in 2012. No securities have been issued under the Plan since the date of last approval.
- (c) A voting exclusion statement is included in the Notice for Resolution 10.

8. RESOLUTION 11 – ISSUE OF OPTIONS TO KEY CORPORATE ADVISORS AND CONSULTANTS

8.1 General

Resolution 11 seeks Shareholder approval for the issue up to 35,000,000 Options exercisable at \$0.065 expiring on 30 June 2019 to key corporate advisors and/or consultants of the Company for strategic advice and implementation of the Company's business plan, in lieu of cash consideration.

The Company is seeking Shareholder approval to issue up to 35,000,000 Options to the Company's corporate advisors for corporate advisory and financing strategy advice to the Board and to future consultants to incentivise such consultants to perform their duties in the best interests of the Company and Shareholders, in lieu of cash consideration. The identity of these corporate advisors and consultants, who are yet to be appointed, is not known at present (**Incentive Issue**).

A summary of ASX Listing Rule 7.1 is set out in section 1.2 above.

The effect of Resolution 11 will be to allow the Company to issue the Options pursuant to the Incentive Issue during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

8.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Options the subject of Resolution 11:

- (a) the maximum number of Options to be issued is 35,000,000;

- (b) the Options will be issued no later than 3 months 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 Options will occur on the same date;
- (c) the Options will be issued for nil cash consideration in satisfaction of:
 - (i) corporate advisory and financing strategy provided by future corporate advisors to the Company in relation to the Company's business plan;
 - (ii) consulting services to be provided by future consultants of the Company in relation to corporate and operational activities of the Company in Australia, Europe and North America;
- (d) the Options will be issued to future corporate advisors and consultants of the Company, who are yet to be appointed, none of whom will be related parties of the Company;
- (e) the Options will be issued on the terms and conditions set out in Schedule 1; and
- (f) no funds will be raised from the issue of the Options as the Options are being issued for nil cash consideration, as described in section 8.2(c) above.

GLOSSARY

\$ means Australian dollars.

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).

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by 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 with the terms and conditions set out in Schedule 1.

Optionholder means a holder of an Option.

Performance Right means a performance right in relation to a Share.

Proxy Form means the proxy form accompanying the Notice.

Related Party Performance Rights means a Performance Right granted pursuant to Resolutions 7 to 9 with the terms and conditions set out in Schedule 2.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

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

Shareholder means a registered holder of a Share.

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

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.065 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 30 June 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (Exercise Period).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the later of the following:

- (i) the Exercise Date; and
- (ii) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,

but in any case no later than 20 Business Days after the Exercise Date, the Company will:

- (iii) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (iv) 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

- (v) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under g(iv) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, 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.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Quotation**

The Company will apply for quotation of the Options on ASX.

(m) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – TERMS AND CONDITIONS OF RELATED PARTY PERFORMANCE RIGHTS

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**); and
 - (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**);

(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 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 3 – MATERIAL TERMS OF EMPLOYEE PERFORMANCE RIGHTS PLAN

- (a) **Eligible Participants:** The eligible participants under the Plan are:
- (i) full time employees and permanent part-time employees of the Company and its subsidiaries; and
 - (ii) any other person who is determined by the Board to be an eligible employee.
- (b) **Ineligible Participants:** Directors and contractors are not eligible to participate in the Plan.
- (c) **Limits on Entitlements:** An offer of Performance Rights may only be made under the Plans if the number of Shares that may be acquired on exercise of those Performance Rights, when aggregated with:
- (i) the number of Shares which would be issued if each outstanding offer, right or option to acquire unissued Shares, being an offer made or right or option acquired pursuant to the Plans or any other incentive scheme, was to be accepted or exercised (as the case may be); or
 - (ii) the number of Shares issued during the previous 5 years pursuant to the Plans or any other incentive scheme; but
 - (iii) disregarding an offer made, or Performance Rights acquired or Shares issued by way of or as a result of:
 - (A) an offer to a person situated at the time of receipt of the offer outside Australia;
 - (B) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
 - (C) an offer made under a disclosure document.
- does not exceed 5% (or such other maximum permitted under any ASIC Class Order providing relief from the disclosure regime of the Australian Corporations Act) of the total number of issued Shares as at the time of the offer.
- (d) **Individual Limits:** The Plans do not set out a maximum number of Shares that may be made issuable to any one person or company.
- (e) **Consideration Payable:** Performance Rights will be issued for no consideration and no amount will be payable upon exercise thereof.
- (f) **Offer and Performance Conditions:** Performance Rights issued under the Plans to eligible participants will be subject to performance conditions, determined by the Board from time to time and expressed in a written offer letter (the **Offer**) made by the Company to the eligible participant at the beginning of each cycle. The performance conditions may include one or more of
- (i) service to the Company of a minimum period of time
 - (ii) achievement of specific performance conditions by the participant and/or by the Company

- (iii) a minimum vesting period following satisfaction of performance conditions before the Performance Rights vest (if required), or
 - (iv) such other performance conditions as the Board may determine and set out in the Offer. Except for a performance condition that requires the passage of a minimum service period, the Board in its absolute discretion determines whether performance conditions have been met and whether Performance Rights have vested.
- (g) **Expiry Date & Lapse:** Performance Rights will have an expiry date upon which unvested Performance Rights will lapse, as the Board may determine in its absolute discretion and specify in the Offer. The Board is not permitted to extend an expiry date without Shareholder approval.


If a performance condition of a Performance Right is not achieved by the expiry date then the Performance Rights will lapse, unless the Board determines the participant ceases to be an eligible employee for the purposes of the Employee Plan or ceases to be an eligible contractor for the purposes of the Contractor Plan for any reason (other than as a result of retirement, disability, bona fide redundancy or death).

- (h) **Retirement, Disability, Redundancy or Death:** Under the Plan, upon the retirement, total and permanent disability, bona fide redundancy or death of a participant, then:
- (i) Performance Rights in respect of which the performance conditions have been satisfied but the vesting period (if any) has not expired will automatically vest and be converted into the equivalent number of Shares; and
 - (ii) Performance Rights in respect of which one or more of the relevant performance conditions have not been satisfied (but have not lapsed) may be deemed to automatically vest at the discretion of the Board and be converted into the equivalent number of Shares.
- (i) **Forfeiture:** If a participant acts fraudulently or dishonestly or is in breach of his or her obligations to the Company at any time, the Performance Rights then held by him or her will automatically lapse or if such Performance Rights have been exercised any Shares acquired upon exercise thereof will be automatically forfeited and the participant will either (i) be deemed to have agreed to sell such Shares to the Company pursuant to an Employee Share Scheme Buy-Back (as defined in the Corporations Act) for no consideration or (ii) be deemed to have appointed any officer of the Company as his or her agent to sell such Shares on market. In the event the underlying Shares have been sold by the participant the participant will be required to pay all or part of the net proceeds of that sale to the Company.
- (j) **Assignment:** Without approval of the Board, Performance Rights may not be transferred, assigned or novated, except, upon death, a participant's legal personal representative may elect to be registered as the new holder of such Performance Rights and exercise any rights in respect of them.
- (k) **Takeover Bid or Change of Control:** All Performance Rights automatically vest in the event of:
- (i) a Court approval of a merger by way of scheme of arrangement (but shall not include a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile,

consolidation, sub-division, reduction or return) of the issued capital of the Company);

- (ii) a takeover bid (as defined in the Corporations Act) is announced, has become unconditional and the person making the takeover bid has a relevant interest in 50% or more of the shares in the Company; or
 - (iii) any person acquires a relevant interest in 50.1% or more shares in the Company by any other means.
- (l) **Alteration in Share Capital:** Appropriate adjustments will be made to Performance Rights in the event of a reconstruction of the share capital of the Company, such as a share consolidation, share split or other reduction of capital.
- (m) **Pro Rata Issue of Securities:** A participant may only participate in a new issue of Shares or other securities of the Company to holders of Shares if the Performance Right has been exercised in accordance with its terms before the record date for determining entitlements to the issue.
- (n) **Bonus Issue:** If, during the term of any Performance Right, the Company completes a bonus issue, the number of Shares each Performance Rights holder is then entitled, shall be increased by that number of securities which the holder would have been issued if the Performance Rights then held by the holder were exercised immediately prior to the record date for the bonus issue.
- (o) **Participation in other Opportunities:** There are no participation rights or entitlements inherent in the Performance Rights though the Company will use its reasonable endeavours to ensure that each holder is given an opportunity to participate on the same basis as if his or her Performance Rights had been exercised.
- (p) **Termination, Suspension or Amendment:** The Board may terminate, suspend or amend the Plan at any time subject to any resolution of the Company required by the Listing Rules.

Lodge your vote:

 **Online:**
www.investorvote.com.au

 **By Mail:**
 Computershare Investor Services Pty Limited
 GPO Box 242 Melbourne
 Victoria 3001 Australia

Alternatively you can fax your form to
 (within Australia) 1800 783 447
 (outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
 (custodians) www.intermediaryonline.com

For all enquiries call:
 (within Australia) 1300 850 505
 (outside Australia) +61 3 9415 4000

Proxy Form

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Vote online

- Go to 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: 138734

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 4.00pm (AWST) Sunday, 25 September 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 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** →

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.

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 General Meeting of MGC Pharmaceuticals Ltd to be held at Level 7, 1008 Hay Street, Perth, Western Australia on Tuesday, 27 September 2016 at 4.00pm (AWST) 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 7 - 9 (except where I/we have indicated a different voting intention below) even though Resolutions 7 - 9 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 7 - 9 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			For	Against	Abstain
Resolution 1	Ratification of prior issue of Shares under Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7	Issue of Performance Rights to Related Party – Nativ Segev	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Ratification of prior issue of Shares to Consultant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8	Issue of Performance Rights to Related Party – Brett Mitchell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of prior issue of Shares under Priority Offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 9	Issue of Performance Rights to Related Party – Roby Zomer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Issue of free attaching Options under Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 10	Re-approval of Employee Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Issue of free attaching Options under Priority Offer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 11	Issue of Options to key corporate advisors and consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of prior issue of Shares to nominees of Saki Partners Pty Ltd	<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	Securityholder 2	Securityholder 3
<input type="text"/>	<input type="text"/>	<input type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____