



17 May 2018

Ms Ingrid Wei
National Stock Exchange of Australia
1 Bligh Street
SYDNEY NSW 2000

By email: ingrid.wei@nsx.com.au

RE: NuCannaCo Science Limited (“Company”) Periodic Disclosure Query

We refer to your letter to the Company dated 15 May 2018.

Adopting your numbering, we respond as follows:

1. The Company expects to have negative net operating cash flows for the first half of the calendar year reporting period (1 January to 31 December 2018), however, it is the Directors’ view (based on information available at this time) that the Company will shortly transition towards positive net operating cash flows following the completion of the acquisitions of XelGHT Labs, Inc., (**X8**) (refer NSX Announcement 23 January 2018) and ECS Biosciences, Inc (**ECS**) (refer NSX Announcement 12 February 2018) in conjunction with a capital raising and implementation of other measures.

The Company expects to finalise the definitive agreements for the acquisitions of X8 and ECS next week and will make a further announcement to the market at that time.

Specifically, the Board is supported in its view above by the following:

- Based on the financial information provided by X8 and ECS, both target businesses generate revenue which will result in immediate income and will significantly improve the cash flows of the Company;
- Since 31 December 2017, there has been a significant reduction in the Company’s creditors and the Company has sufficient funds to meet its obligations;
- The Company has engaged in constructive dialogue in recent times with the management of Pro-Thotics Technology, Inc with respect to the receivable of \$820,000 due from that company, however, the Board took a conservative approach in the recent Annual Financial Report to impair that debt by 50% recognising the potential time and costs estimated to be incurred in recovering such a debt;

- Measures have been and will be taken by the Company to reduce operating expenses where possible such as implementing a freeze on Directors fees until such time as the Company is in a position to re-instate those payments.
2. As disclosed in the Company's announcements on the acquisitions of X8 and ECS, the Company indicated that it intends to conduct a capital raising in conjunction with those acquisitions. Since those announcements, the Company has engaged advisers both in Australia and the US to assist with raising capital for the Company in addition to interest shown from the Company's own network and major shareholders. The Company's capital raising endeavours have now progressed to the point where the Company expects to make an announcement on this subject shortly which will provide it with sufficient capital to fund its future operations and expansion plans.

The Company has a remaining placement capacity of 2,849,245 ordinary shares following the issue of 4,974,322 ordinary shares in the previous 12 months.

3. The Company has remained in regular contact with the management of Prothotics and has scheduled a meeting with the same on 18 May 2018 to determine the details of the repayment of the note. Prothotics has stated that they intend to repay the funds due under the note and the Company expects to fully resolve this matter shortly.

Please refer to the table below for further details requested on the note receivable:

Date	From 1/1/2018 to 15/05/2018
Collected amount	-
Percentage of total note receivables	-
Outstanding amount	\$820,000
Expected date of collection	Prior to 31 December 2018

4. Yes
5. As stated above, the Company intends to complete the acquisitions of X8 and ECS, which are both revenue generating businesses. Both US and Australian attorneys are revising the acquisition agreements and capital raising documentation to ensure compliance with the rules of the exchange and the Corporations Act 2001. The combined X8 and ECS assets, trailing revenues and forward revenue estimates of the combined entities is well in excess of the Company's capital requirements. The Company has also paid down much of its existing third party creditor obligations since 31 December 2017 and also expects to announce the completion of a capital raising which will provide the Company with sufficient capital for future operations and its expansion plans.

The Company began selling its first product in the second fiscal quarter of 2017. The Company has continuously marketed its product throughout the US and sales continue to improve. Additional funding for marketing to be obtained post merger are expected to improve sales significantly.

On the basis of the foregoing, the Directors' are of the view that the Company is in compliance with listing rule 6.54.



6. The Directors' are of the view that the Company is in compliance with the listing rules and, in particular, listing rule 6.4.

Your Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan W. Lindh", written over a light grey rectangular background.

Jonathan W. Lindh
Company Secretary