

Market disclosure protocol

NuCannaCo Science Limited (ACN 607 640 513)
(Company)

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Market disclosure protocol

1. Introduction

- 1.1 The shares of the Company are quoted on National Securities Exchange of Australia Limited (**NSX** or **Exchange**).
- 1.2 Under the NSX Listing Rules, a company must keep the NSX informed without delay Market Sensitive Information Market Sensitive Information generally, and apart from compliance with all specific requirements of Chapter 6 of the NSX Listing Rules, for dissemination of any information relating to the group of which it is aware that:
 - "is necessary to enable the Exchange and the public to appraise the financial position of the issuer and the group;
 - is necessary to avoid the establishment of a false market in its securities;
 - or
 - a reasonable person would expect to have a material effect on the price or value of its securities."
- 1.3 The disclosure obligation is given legislative force under the *Corporations Act 2001* (Cth).
- 1.4 The Group is committed to complying with the continuous disclosure obligations contained in the NSX Listing Rules and the *Corporations Act 2001* (Cth).
- 1.5 This protocol embraces the principles contained in the ASIC guidance note, *Better Disclosure for Investors*, NSX Practice Note 6 and the *Principles of Good Corporate Governance and Best Practice Recommendations* published by the ASX Corporate Governance Council.

2. Defined terms

In this protocol:

Company Securities includes shares in the Company or a Group member, options over those shares and any other financial products of the Group traded on the NSX.

Disclosure Officer means the company secretary.

Group means the Company and its Related Bodies Corporate.

Issuer means the legal entity that issues securities.

Market Sensitive Information means the information referred to clause 1.2 above.

Related Bodies Corporate has the meaning given to that term in the *Corporations Act 2001* (Cth).

3. Objective

The objective of this protocol is to:

- (a) ensure the Company immediately discloses all Market Sensitive Information to NSX in accordance with the NSX Listing Rules and the *Corporations Act 2001* (Cth);
- (b) ensure officers and employees are aware of the Company's continuous disclosure obligations; and

- (c) establish procedures for:
 - (i) the collection of all potentially Market Sensitive Information;
 - (ii) assessing if information must be disclosed to NSX under the NSX Listing Rules or the *Corporations Act 2001* (Cth);
 - (iii) releasing to NSX information determined to be Market Sensitive Information and to require disclosure; and
 - (iv) responding to any queries from NSX .

4. Market Disclosure Committee

- 4.1 The board has established the Market Disclosure Committee.
- 4.2 The Market Disclosure Committee is a management committee.
- 4.3 The Market Disclosure Committee will at a minimum comprise:
 - (a) the chairperson of the board;
 - (b) the chief executive officer;
 - (c) the chief financial officer (if applicable); and
 - (d) other key personnel (as applicable).
- 4.4 The Disclosure Officer is the convenor of the Market Disclosure Committee.
- 4.5 The quorum for a meeting of the Market Committee is 3 and must include the chairperson of the board and chief executive officer.
- 4.6 Decisions of the Market Disclosure Committee are by simple majority vote of those members of the committee available when a decision is required. If the Market Disclosure Committee cannot reach consensus on a matter, the matter must be referred to the board.

5. Purpose and responsibilities of the Market Disclosure Committee

- 5.1 The purpose of the Market Disclosure Committee is to help the board achieve its objective to establish, implement and supervise an effective continuous disclosure system.
- 5.2 The Market Disclosure Committee is responsible for:
 - (a) deciding if information should be disclosed to NSX in accordance with paragraph 7 and subject to any decision of the board;
 - (b) ensuring compliance with continuous disclosure obligations;
 - (c) establishing a system to monitor compliance with continuous disclosure obligations and this protocol;
 - (d) monitoring regulatory requirements so that this protocol continues to conform with those requirements;
 - (e) monitoring movements in share price and share trading to identify circumstances where a false market may have emerged in Company Securities; and
 - (f) making decisions about trading halts.

6. Disclosure Officer

6.1 The board has appointed the company secretary to act as the Disclosure Officer.

6.2 The Disclosure Officer is responsible for:

- (a) conducting all disclosure discussions with NSX;
- (b) communicating with NSX about general matters concerning the NSX Listing Rules;
- (c) ensuring officers and employees are aware of and adequately understand:
 - (i) the continuous disclosure obligations;
 - (ii) their responsibilities in relation to the continuous disclosure obligations and to protect the confidentiality of information (including, when instructing advisers or conducting negotiations in relation to any matter that may give rise to Market Sensitive Information); and
 - (iii) this protocol; and
- (d) if the Disclosure Officer thinks it necessary, implementing training sessions for officers and employees in relation to the continuous disclosure obligations, their responsibilities in relation to those obligations and the protection of confidential information and this protocol;
- (e) implementing and supervising procedures for reporting potentially Market Sensitive Information; and
- (f) ensuring (using all reasonable endeavours) announcements are factual, do not omit material information and are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

6.3 The Disclosure Officer must maintain a file (Disclosure File) of:

- (a) material disclosed to NSX;
- (b) communications with NSX;
- (c) potentially Market Sensitive Information that has come to the Disclosure Officer's attention and has not been disclosed to NSX; and
- (d) reasons why any potentially Market Sensitive Information was not disclosed.

6.4 The Disclosure Officer must report the information referred to in paragraph 6.3 to:

- (a) the Market Disclosure Committee at each Market Disclosure Committee meeting; and
- (b) the board at each regular board meeting.

7. Deciding if information should be disclosed

7.1 The Market Disclosure Committee is responsible for deciding if information should be disclosed, in accordance with paragraphs 7.2 to 7.4. All potentially Market Sensitive Information must be given to the Disclosing Officer or another member of the Market Disclosure Committee (if the Disclosure Officer is unavailable).

7.2 If the Market Disclosure Committee decides information is market-sensitive and must be disclosed, the Disclosure Officer must:

- (a) write to NSX disclosing the information; and

- (b) send a copy of the letter to each director.
- 7.3 If the Market Disclosure Committee cannot reach consensus as to whether information is market-sensitive or if it must be disclosed, the Market Disclosure Committee must refer the matter to the board who will, if necessary, seek external legal or financial advice. If the Market Disclosure Committee or the board decides that the information is market-sensitive, the Disclosure Officer must:
- (a) write to NSX disclosing the information; and
 - (b) if requested by a director, send a copy of the letter to that director.
- 7.4 If the Market Disclosure Committee decides information is not market-sensitive, or does not have to be disclosed, the Disclosure Officer must:
- (a) make careful notes setting out:
 - (i) how the information came to their attention; and
 - (ii) why it is not market-sensitive, or why it does not have to be disclosed; and
 - (b) place those notes on the Disclosure File.
- 7.5 If an officer or employee is in doubt about whether information is potentially market-sensitive, he or she must immediately give the information to the Disclosure Officer or another member of the Market Disclosure Committee (if the Disclosure Officer is unavailable).

8. Assessing if information is market-sensitive

- 8.1 The guiding principle is that the Company must immediately disclose to NSX any information concerning the Group that a reasonable person would expect to have a material effect on the price or value of Company Securities.
- 8.2 If information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of Company Securities, it is material. However, information could be material in other ways. If there is any doubt, the information should be disclosed to the Disclosure Officer or another member of the Market Disclosure Committee (if the Disclosure Officer is unavailable).
- 8.3 Examples of the types of information that may need to be disclosed include:
- (a) a transaction that will lead to a significant change in activities;
 - (b) a deposit discovery;
 - (c) acquisition or disposal of a material portion of the business;
 - (d) granting or withdrawal of a material licence or right;
 - (e) material legal action against the Issuer or legal action the Issuer is undertaking against a third party;
 - (f) changes in the forecast or earnings provided by the Issuer;
 - (g) the Issuers moves into liquidation, administration or receivership;
 - (h) breach of covenants on loans or contractual relationships with a financier;
 - (i) notices of intention or receiving a takeover bid, merger or acquisition.
- 8.4 The above list is a guide and is not an exhaustive list of the types of events that could trigger an immediate continuous disclosure announcement.

- 8.5 The term "material" is defined by the Australian Accounting Standards in relation to the value of assets of the business and "material" also relates to the possible impact on the price of the Issuer's securities.
- 8.6 There is also an obligation on the Issuer to report not only favourable but unfavourable information to the market even if the information to be reported may be detrimental to the prospects of the Issuer. The Issuer is obligated to comply even if it is a party to agreements that might otherwise require the Issuer to maintain confidentiality.
- 8.7 There are many other types of information that could give rise to a disclosure obligation. For example, a development in a company affiliated with, but not controlled by, the Company may be price-sensitive when related to the Company itself.

9. Exception to disclosure

- 9.1 The Company does not have to give NSX information if:
- (a) a reasonable person would not expect the information to be disclosed;
 - (b) the information is confidential
 - (c) one or more of the following conditions applies:
 - (i) it would be a breach of the law to disclose the information;
 - (ii) the information concerns an incomplete proposal or negotiation;
 - (iii) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - (iv) the information is generated for internal management purposes; or
 - (v) the information is a trade secret.
- 9.2 Each of 9.1(a), 9.1(b) and 9.1(c) must be satisfied in order for the exception to apply.

10. False markets, market speculation and rumours

- 10.1 Market speculation and rumours, whether substantiated or not, have the potential to impact on the Company. Speculation may also contain factual errors that could materially affect the Company.
- 10.2 The Market Disclosure Committee will monitor movements in the price or trading of Company Securities to identify circumstances where a false market may have emerged in Company Securities.
- 10.3 If NSX asks the Company to give it information to correct or prevent a false market, the Disclosure Officer is responsible for giving the information to NSX after following the procedure in paragraph 7.
- 10.4 The Group's general policy on responding to market speculation and rumours is that it does not respond to market speculation or rumours. However, the Market Disclosure Committee may decide to make a statement in response to market speculation or rumours if:
- (a) it considers it is obliged at that time to make a statement to the market about a particular matter; or
 - (b) NSX asks for information,
- to prevent or correct a false market occurring in Company Securities.

11. Public release of disclosed information

- 11.1 The Company will publicly release all information disclosed to NSX under this protocol by placing it on its website.
- 11.2 The Disclosure Officer must confirm that the Company has received confirmation from NSX that the information has been released to the market, before publicly releasing the information.

12. Trading halts

- 12.1 The Company may ask NSX to halt trading in Company Securities to:
 - (a) maintain orderly trading in its securities; and
 - (b) manage disclosure issues.
- 12.2 The Market Disclosure Committee will make all decisions about trading halts.
- 12.3 Employees may only ask NSX for a trading halt if the Market Disclosure Committee approves.

13. Authorised spokespersons

- 13.1 Only the following persons may speak on behalf of the Group to institutional investors, stockbroking analysts and the media:
 - (a) the chief executive officer; and
 - (b) the chief financial officer (if applicable).
- 13.2 Those persons may only clarify information that the Company has publicly released and must not comment on Market Sensitive Information that has not been released to the market.
- 13.3 The Group will not expressly or implicitly give institutional investors or stockbroking analysts' earnings forecast guidance that has not been released to the market.
- 13.4 If other employees are asked to comment by an external investor, stockbroking analyst or the media in relation to any matter concerning the Group they must:
 - (a) say that they are not authorised to speak on behalf of the Company; and
 - (b) refer the investor, stockbroking analyst or media to the Disclosure Officer.
- 13.5 Before any media release can be issued the Disclosure officer must:
 - (a) review it;
 - (b) disclose it to NSX; and
 - (c) confirm that the Company has received confirmation from NSX that the information in the media release has been released to the market.

14. Open briefings to institutional investors and stockbroking analysts

- 14.1 The Company may hold open briefings with institutional investors or stockbroking analysts to discuss information that has been released to the market.
- 14.2 For the purposes of this protocol:
 - (a) public speeches and presentations by the chief executive officer or chief financial officer are open briefings; and
 - (b) any meeting that is not an open meeting is a one-on-one briefing.

- 14.3 Market Sensitive Information that has not been released to the market must not be disclosed at open briefings.
- 14.4 If a question raised in a briefing can only be answered by disclosing Market Sensitive Information, employees must:
- (a) decline to answer the question; or
 - (b) take the question on notice and wait until the Company releases the information to the market through NSX.
- 14.5 If an employee participating in a briefing thinks that something has been raised that might be Market Sensitive Information that has not been publicly released, he or she must immediately inform the Disclosure Officer or another member of the Market Disclosure Committee (if the Disclosure Officer is unavailable).
- 14.6 Before any open briefing, the Company will inform the market about the briefing through NSX and on the Company's website.

15. One-on-one briefings with institutional investors and stockbroking analysts

- 15.1 It is in the interests of shareholders that institutional investors and stockbroking analysts have a thorough understanding of the Group's business, operations and activities.
- 15.2 The Company may hold one-on-one briefings with institutional investors and stockbroking analysts. At these briefings, the Company may give background and technical information to help institutional investors and stockbroking analysts better understand its business operations and activities.
- 15.3 For the purposes of this protocol, a one-on-one meeting includes any communication between the Company and an institutional investor or a stockbroking analyst.
- 15.4 Market Sensitive Information that has not been released to the market must not be disclosed at one-on-one briefings.
- 15.5 File notes must be made of all one-on-one briefings and kept for a reasonable period.
- 15.6 If an employee participating in a one-on-one briefing thinks that something has been raised (even if inadvertently or confidentially) that might be Market Sensitive Information that has not been publicly released, he or she must immediately inform the Disclosure Officer or another member of the Market Disclosure Committee (if the Disclosure Officer is unavailable).
- 15.7 Before any series of one-on-one meetings, the Company will inform the market about the one-on-one briefings through NSX and on its website.

16. Presentational and briefing materials

Any presentational or briefing materials for open or one-on-one briefings must be given to the Disclosure Officer before the briefing to determine if they contain any Market Sensitive Information that has not been released to the market.

17. 'Blackout' periods

To protect against inadvertent disclosure of Market Sensitive Information, the Company will not hold one-on-one and open briefings (except to deal with matters subject to an announcement through the ASX) between:

- (a) the end of its financial reporting periods and the announcement of results to the market; and
- (b) sending notice of an annual general meeting to shareholders and the holding of the meeting.

18. Review of reports by analysts

18.1 The Group is not responsible for, and does not endorse, reports by analysts commenting on the Company.

18.2 The Group does not incorporate reports of analysts in its corporate information, including its website (this also extends to hyperlinks to websites of analysts).

18.3 If an analyst sends a draft report to the Group for comment:

- (a) employees must immediately send it to the Disclosure Officer;
- (b) any response to it will not include Market Sensitive Information that has not been disclosed to the market;
- (c) it will only be reviewed to correct factual inaccuracies on historical matters; and
- (d) no comment will be made on any profit forecasts contained in it.

18.4 Any correction of a factual inaccuracy does not imply that the Group endorses a report.

18.5 A standard disclaimer will be made in any response to an analyst.

19. Informing employees

19.1 This protocol or a summary of it will be distributed to employees to help them understand the Company's continuous disclosure obligations, their individual reporting responsibilities and the need to keep the company's information confidential.

19.2 The Group's securities trading policy will also be distributed to the employees. That policy also relates to the treatment of Market Sensitive Information.

20. Protocol breaches

If an employee breaches this protocol, he or she may face disciplinary action, including dismissal in serious cases.

21. Questions

Any questions about the Company's continuous disclosure obligations or this protocol should be referred to the Disclosure Officer.

22. Review and changes

22.1 The Market Disclosure Committee will review this protocol as often as it considers necessary.

22.2 The board may change this protocol from time to time by resolution.

23. Approved and adopted

This protocol was approved and adopted by the board on August 23, 2016.