



# Prospectus

Incannex Healthcare Limited ACN 096 635 246 (**Company**)

An offer of one option for no additional consideration (**Placement Option**) for every one Placement Share to be issued to a Placement Participant under the Placement, exercisable at \$0.285 (**Placement Option Exercise Price**) on or before 5:00pm (Melbourne time) on Wednesday, 31 December 2025 (**Offer**)

This Prospectus has been prepared for the purposes of providing disclosure in respect of the issue of the Placement Options to enable the issue of Shares upon the exercise of those Placement Options without further disclosure.

## **IMPORTANT NOTICE**

This document is important and should be read in its entirety. It is a prospectus issued pursuant to section 713 of the Corporations Act. It does not, itself, contain all the information that is generally required to be set out in a full prospectus, but refers to other documents, the information of which is deemed to be incorporated into this Prospectus.

If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Options being offered by this Prospectus should be considered speculative. The general advice provided in this Prospectus has been prepared without taking into account the specific personal circumstances of investors.

This Prospectus may not be released to US wire services or distributed in the United States except by the Company to Approved US Investors.

## Important information

### Key Offer Details

<b>Issue Price of Placement Options</b>	Nil
<b>Placement Option Exercise Price</b>	\$0.285 per Placement Option
<b>Maximum number of Placement Options to be issued</b>	63,414,634
<b>Maximum number of Shares to be issued following exercise of Placement Options</b>	63,414,634
<b>Placement Options Expiry Date</b>	5:00pm (Melbourne time) on Wednesday, 31 December 2025

### Indicative Timetable

<b>Announcement of capital raising</b>	Monday, 5 December 2022
<b>Lodgement of Prospectus with ASIC</b>	Monday, 5 December 2022
<b>Lodgement of Prospectus and Appendix 3B with ASX</b>	Monday, 5 December 2022
<b>Opening Date for the Offer</b>	Monday, 5 December 2022
<b>Closing Date for the Offer</b>	9:00am (Melbourne time) on Thursday, 8 December 2022
<b>Issue of Placement Options and dispatch of new holding statements</b>	Friday, 9 December 2022
<b>Placement Options Expiry Date</b>	5:00pm (Melbourne time) on Wednesday, 31 December 2025
<b>Issue of new Shares on the exercise of Placement Options and dispatch of new holding statements</b>	Within 20 business days of the Company receiving a Placement Option Exercise Notice and payment of the Placement Option Exercise Price in cleared funds

All dates may change without prior notice and accordingly are indicative only. The Company reserves the right to amend this indicative timetable subject to the Corporations Act and the ASX Listing Rules. Further details regarding the timetable for the Offer are set out in Section 3.2.

The Company does not intend to apply for the Placement Options offered under this Prospectus to be listed for quotation on ASX.

## Important notices

### General

This Prospectus is dated Monday, 5 December 2022 and a copy of this Prospectus was lodged with ASIC on that date. ASIC, ASX and its officers, respectively, take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Following the exercise of Placement Options, the Company will apply to ASX for the new Shares to be issued on the exercise of the Placement Options to be granted quotation on ASX.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

To the extent that statements in this Prospectus constitute statements relating to intentions, future acts and events, such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed in this Prospectus.

### **Continuously quoted securities**

This Prospectus is a transaction specific prospectus for an offer of options over shares that are in a class of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with sections 711, 713, 715A and 716 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been given to the fact that the Company is a 'disclosing entity' for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers with whom potential investors may consult.

### **Overseas Applicants / Foreign Shareholders**

This Prospectus does not constitute an offer of Options in any jurisdiction in which it would be unlawful. Options may not be offered or sold in any country outside Australia except to the extent permitted in section 3.9 of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia is restricted by law and persons outside of Australia should observe such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

### **Professional advice**

This Prospectus does not take into account the investment objectives, financial situation and particular needs of any person. Professional advice should be obtained before deciding to invest in any securities the subject of this Prospectus. No cooling off period applies. The Company is not licensed to provide financial product advice.

### **Forward looking statements**

Some of the information contained in this Prospectus constitutes forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'should', 'will', 'expects', 'plans' or similar expressions. These statements discuss future objectives or expectations concerning results of operations or financial conditions or provide other forward-looking information. The Company's actual results, performance or achievements could be significantly different from the results or objectives expressed in, or implied by, those forward-looking statements. This Prospectus details some important factors that could cause the Company's actual results to differ from the forward-looking statements made in this Prospectus.

### **Application Form**

The Application Form accompanying this Prospectus is important. An Application for Placement Options under the Offer can only be submitted on an Application Form. Please refer to the instructions in Section 3.7 regarding completion of an Application Form.

By returning an Application Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offer detailed in this Prospectus.

If you intend to exercise any or all of your Placement Options, the Company must receive your Placement Option Exercise Notice by the Placement Option Expiry Date.

### **Enquiries**

If you have questions in relation to the Shares upon which your Entitlement has been calculated please call the Share Registry by phone on 1300 288 664 or +61 8 9324 2099 or by email at [hello@automic.com.au](mailto:hello@automic.com.au).

### **Currency**

Money as expressed in this Prospectus is in Australian dollars unless otherwise indicated.

### **Rounding**

Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

### **Time**

All references to time in this Prospectus are references to Melbourne time, unless otherwise stated.

### **Definitions and Glossary**

Defined terms and abbreviations used in this Prospectus are detailed in the Definitions and Glossary in Section 8.

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## Chairman's Letter

5 December 2022

Dear Placement Participant

On behalf of the directors of Incannex Healthcare Limited (**Company**), I am pleased to provide to you this Offer, being an offer to Placement Participants of one Placement Option, for no additional consideration, for every one Placement Share to be issued to you under the Placement, exercisable at \$0.285 on or before 5:00pm (Melbourne time) on Wednesday, 31 December 2025 (**Offer**).

I encourage you to read this Prospectus carefully and in full, and to seek your own financial and taxation advice about the Offer.

This Prospectus contains detailed information about the Offer and the key risks associated with an investment in the Company. The Board recommends that you read this Prospectus in its entirety, consider the information it contains and to seek your own financial and taxation advice before making a decision to participate in the Offer.

Under the Offer, the Placement Options will be issued to Placement Participants on the basis of one Placement Option for every one Placement Share to be issued to you under the Placement. Each Placement Option provides Placement Participants with the opportunity, but not the obligation, to apply for additional Shares in the Company at the exercise price of \$0.285 per Share (for each Placement Option) before the Placement Option Expiry Date.

As the Placement Options will be issued for no additional consideration, no funds will initially be raised from the Offer, over and above the \$13 million to be raised under the Placement. The funds that are raised from the Placement will be used predominantly to drive the Company's continued development of its products through clinical trials.

The Placement Options will not be transferrable and may not be exercised by any other person other than the Participant. Therefore, the Placement Options will not be tradeable on ASX or Nasdaq or privately.

The Board takes this opportunity to thank you for your support of the Company.

Yours sincerely



**Mr Troy Valentine**  
Chairman

## 1 Investment summary & frequently asked questions

This Section provides an overview of key information in this Prospectus.

Accordingly, the information set out in this Section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

Topic	Details	Where to find more information
<b>Who is the Company?</b>	<p>The Company is listed on ASX (code: IHL) and Nasdaq (code: IHXL) and is a market leader in the development of novel cannabinoid pharmaceuticals and psychedelic therapies.</p> <p>The Company owns a diversified portfolio of clinical and pre-clinical stage candidates. In total, the Company has 28 drug candidates over which proof of concept has been established in either pre-clinical, phase 1 or phase 2 clinical studies. These projects seek to address a broad range of under met medical conditions.</p>	Section 2.1
<b>What is the Placement?</b>	<p>On 5 December 2022, the Company announced a placement to institutional investors (<b>Placement</b>) to raise a total of approximately \$13 million (before costs) through the issue of 63,414,634 Shares at an issue price of \$0.205 per Share (<b>Placement Shares</b>).</p> <p>The purpose of the Placement is to fund the Company's clinical programs through to 2025.</p> <p>Please refer to the Company's announcement dated 5 December 2022 for further details regarding the Placement.</p>	Section 2.2
<b>What is the Offer?</b>	<p>This Prospectus relates to an offer of one Placement Option for every one Placement Share to be issued to a Placement Participant under the Placement, exercisable at the Placement Option Exercise Price on or before 5:00pm (Melbourne time) on Wednesday, 31 December 2025.</p>	Section 3.1
<b>Who can participate?</b>	<p>The Company has invited Placement Participants to participate in the Offer. The Offer does not extend to anyone who is not a Placement Participant.</p>	Section 3.1
<b>How do I apply for Placement Options?</b>	<p>If you are a Placement Participant, you may apply for Placement Options by completing the Application Form accompanying this Prospectus in accordance with the instructions outlined on the Application Form.</p>	Section 3.7
<b>Are the Options transferrable?</b>	<p>No. The Placement Options are not transferrable and therefore can only be exercised by their holder, being a Placement Participant.</p>	Section 6.1

<p><b>How do I exercise my Placement Options?</b></p>	<p>In order to exercise your Placement Options, you must complete and return a Placement Options Exercise Notice to the Share Registry, with payment of the Placement Option Exercise Price for each Placement Option exercised, by the Placement Option Expiry Date.</p>	<p>Section 6.1</p>
<p><b>Must I exercise my Placement Options?</b></p>	<p>No. You do not need to exercise any or all of your Placement Options. Any Placement Options granted to you that are not exercised before the Placement Option Expiry Date will lapse.</p> <p>If you do not intend to exercise any of your Placement Options, you do not need to take any further action.</p>	<p>Section 6.1</p>
<p><b>What are the key risks associated with an investment in the Company?</b></p>	<p>Some of the key risks associated with an investment in the Company are outlined in detail in Section 5.</p> <p>By way of overview, some of these risks relate to:</p> <ul style="list-style-type: none"> <li>• The Company's research and development activities.</li> <li>• The conduct of the Company's clinical trial program.</li> <li>• The strength and robustness of the Company's intellectual property rights.</li> <li>• The state of the medicinal cannabis industry in Australia.</li> <li>• The state of the psychedelic medicine industry in Australia.</li> <li>• The assets acquired by the Company from APIRx Pharmaceuticals USA, LLC.</li> <li>• Changes in laws and regulations.</li> <li>• The loss of key personnel.</li> <li>• Competition in the Company's markets.</li> <li>• Technology and cyber security.</li> <li>• The state of the share market.</li> <li>• General economic conditions.</li> <li>• Obtaining adequate funding.</li> <li>• Reliance on third parties.</li> <li>• The ongoing effects of the COVID-19 pandemic.</li> <li>• The scope and breadth of the Company's insurance coverage.</li> </ul>	<p>Section 5</p>

<b>What are the key dates of the Offer?</b>	<p>The Offer opens on the date of this Prospectus, being Monday, 5 December 2022, and closes at 9:00am (Melbourne time) on Thursday, 8 December 2022.</p> <p><b>Issue Date of Placement Options:</b> Friday, 9 December 2022.</p> <p><b>Placement Options Expiry Date:</b> 5:00pm (Melbourne time) on Wednesday, 31 December 2025.</p>	Section 3.2
<b>How much is sought to be raised under the Offer?</b>	<p>No funds will be raised from the issue of the Placement Options under this Prospectus. However, approximately \$13 million is being raised by way of the issue of Placement Shares to Placement Participants under the Placement.</p>	Sections 2.2 and 3.1
<b>What is the effect of the Offer on control of the Company?</b>	<p>The Offer is not expected to have any material impact on control of the Company.</p>	Section 4.2
<b>What are the rights and liabilities attaching to the Placement Options and the Shares issued on the exercise of the Placement Options?</b>	<p>A summary of the material rights and liabilities attaching to the Placement Options and the Shares issued on the exercise of the Options are set out in Section 6.</p> <p>Any Shares issued on the exercise of the Placement Options will rank equally with all existing Shares.</p>	Section 6

## 2 Company Overview

### 2.1 Background

The Company is listed on ASX (code: IHL) and Nasdaq (code: IHXL) and is a market leader in the development of novel cannabinoid pharmaceuticals and psychedelic therapies.

The Company owns a diversified portfolio of clinical and pre-clinical stage candidates. In total, the Company has 28 drug candidates over which proof of concept has been established in either pre-clinical, phase 1 or phase 2 clinical studies. These projects seek to address a broad range of under met medical conditions.

Of the Company's 28 drug candidates, 6 are considered lead candidates. These lead candidates include IHL-42X (Obstructive Sleep Apnoea), IHL-675A (Inflammatory Lung Disease, Rheumatoid Arthritis and Inflammatory Bowel Disease), IHL-216A (Traumatic Brain Injury) and Psi-GAD (Generalised Anxiety Disorder).

The Company's other 22 drug candidates were acquired by the Company when it gained control of APIRx Pharmaceuticals USA, LLC in August 2022.

### 2.2 Capital raising

On 5 December 2022, the Company announced a placement to institutional investors (**Placement**) to raise a total of approximately \$13 million (before costs) through the issue of approximately 63,414,634 Shares at an issue price of \$0.205 per Share (**Placement Shares**).

The Placement Shares will be issued together with the grant of one free attaching unquoted option for every one Placement Share issued (**Placement Option**), exercisable at \$0.285 on or before 5:00pm (Melbourne time) on Wednesday, 31 December 2025.

The purpose of the capital raise is to fund the Company's clinical programs through to 2025. Specifically, of the \$13 million to be raised, the Company intends to allocate:

- approximately \$7 million towards the continued development of the Company's 6 core assets / lead candidates;
- approximately \$5 million towards the continued development of the Company's 22 assets / candidates acquired from APIRx Pharmaceuticals USA, LLC; and
- approximately \$1 million towards costs associated with the capital raising, general working capital needs and corporate development.

Please refer to the Company's announcement dated 5 December 2022 for further details regarding the Placement.

## 3 Details of the Offer

### 3.1 Offer of Options to Placement Participants

This Prospectus invites Placement Participants to apply for a total of up to 63,414,634 Placement Options, on the basis of one (1) Placement Option for every one (1) Placement Share to be issued to Placement Participants under the Placement (**Offer**).

All Placement Participants will be sent a copy of this Prospectus, together with an Application Form.

Only Placement Participants can accept the Offer. Refer to Section 3.7 for details on how to apply under the Offer.

No funds will be raised from the Offer as the Placement Options are attaching to the Placement Shares and offered to Placement Participants for no additional consideration.

All of the Placement Options offered under this Prospectus will be granted on the terms and conditions detailed in Section 6.1.

All of the Shares issued upon the future exercise of the Placement Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.2 for further details of the rights and liabilities attaching to the Shares.

The purpose of this Prospectus is to:

- (a) make the Offer;
- (b) ensure that the on-sale of the Placement Options does not breach section 707(3) of the Corporations Act; and
- (c) ensure that the on-sale of the underlying Shares to be issued upon the exercise of the Placement Options is in accordance with ASIC Corporations Instrument 2016/80.

### 3.2 Important dates

The dates set out in this table are subject to change and are indicative only. The Company reserves the right to alter this timetable at any time.

<b>Announcement of Placement</b>	Monday, 5 December 2022
<b>Lodgement of Prospectus with ASIC</b>	Monday, 5 December 2022
<b>Lodgement of Prospectus and Appendix 3B with ASX</b>	Monday, 5 December 2022
<b>Opening Date for the Offer</b>	Monday, 5 December 2022
<b>Closing Date for the Offer</b>	9:00am (Melbourne time) on Thursday, 8 December 2022
<b>Issue of Placement Options and dispatch of new holding statements</b>	Friday, 9 December 2022
<b>Placement Options Expiry Date</b>	5:00pm (Melbourne time) on Wednesday, 31 December 2025
<b>Issue of Shares on the exercise of Placement Options and dispatch of new holding statements</b>	Within 20 business days of the Company receiving a Placement Option Exercise Notice and payment of the Placement Option Exercise Price in cleared funds

The Directors, subject to the requirements of the ASX Listing Rules and the Corporations Act, reserve the right to:

- (a) withdraw the Offer without prior notice; or
- (b) vary any of the important dates set out in this Offer, including extending the Offer.

### 3.3 No ASX listing/quotation

None of the Placement Options will be quoted on ASX or are otherwise transferrable.

### 3.4 CHESS

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Placement Participants will not receive a certificate but will receive a statement of their holding of Placement Options.

If you are broker sponsored, ASX Settlement Pty Limited will send you a CHESS statement.

The CHESS statement will specify the number of Placement Options issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Placement Options.

If you are registered on the Issuer Sponsored sub-register, your statement will be dispatched by Automic and will contain the number of Placement Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to holders at the end of any calendar month during which the balance of their holding changes. Optionholders may request a statement at any other time, however, a charge may be made for additional statements.

### **3.5 Opening and Closing Dates**

The Company will accept Application Forms in respect of the Offer from Placement Participants from the Opening Date until 9.00am (Melbourne time) on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the ASX Listing Rules.

The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the closing dates of the Offer without prior notice. If a closing date is varied, subsequent dates may also be varied accordingly.

### **3.6 No minimum subscription**

There is no minimum amount sought to be raised under the Offer.

### **3.7 Application Forms**

Placement Participants may apply for Placement Options under the Offer by completing the Application Form accompanying this Prospectus in accordance with the instructions outlined on the Application Form. Applications pursuant to the Offer may only be made by those investors who participated in the Placement.

All Placement Participants will be sent a copy of this Prospectus, together with an Application Form.

Completed Application Forms should be returned in accordance with the instructions on the Application Form.

If you are in doubt as to the course of action, you should consult your professional adviser.

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Placement Options accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of Placement Options.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Application Form is final.

### **3.8 Representations by Applicants**

By completing and returning an Application Form, in addition to the representations set out elsewhere in this Prospectus and the respective Application Forms:

- (a) you acknowledge that you have received a copy of this Prospectus and an accompanying Application Form, and read them both in their entirety;
- (b) you agree to be bound by the terms of the Offer (as applicable to you), the provisions of this Prospectus and the constitution of the Company;

- (c) you authorise the Company to register you as the holder(s) of the Placement Options to be issued to you;
- (d) you declare that all details and statements in the Application Form are complete and accurate;
- (e) you declare that you have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (f) you acknowledge that once the Application Form is returned the Application may not be varied or withdrawn except as required by law;
- (g) you agree to accept and be issued up to the number of Placement Options specified in the Application Form;
- (h) you authorise the Company and its respective officers or agents to do anything on your behalf necessary for the Placement Options to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Application Form;
- (i) you acknowledge that the Placement Options (and the underlying ordinary shares) have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and that, accordingly, the Placement Options (and the underlying ordinary shares) may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws;
- (j) if you (or any person for whom you are acquiring the Placement Options) are located or domiciled in the Cayman Islands, you (and any such person) acknowledge that any communications received in relation to the Offer occurred from outside the Cayman Islands;
- (k) if you (or any person for whom you are acquiring the Placement Options) are in Hong Kong, you (and any such person) are a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong; and
- (l) If you (or any person for whom you are acquiring the Placement Options and the underlying ordinary shares) are in the United States, you (and any such person) are an Approved US Investor.

### 3.9 International Offer Restrictions

No action has been taken to register or qualify the Placement Options, or the Offer, or otherwise to permit the offering of the Placement Options, in any jurisdiction outside of Australia, except to the extent permitted below.

The distribution of this Prospectus within jurisdictions outside of Australia, may be restricted by law and persons into whose possession this Prospectus comes should observe, any such restrictions, including those set forth below. Any failure to comply with these restrictions may constitute a violation of those laws.

This Prospectus does not constitute an offer of Placement Options in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus. In particular, this Prospectus may not be distributed to any person, and the Placement Options may not be offered or sold in any country outside Australia except to the extent permitted below.

#### Cayman Islands

No offer or invitation to apply for Placement Options may be made to the public in the Cayman Islands or in any manner that would constitute carrying on business in the Cayman Islands.

#### Hong Kong

WARNING: This Prospectus has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the “SFO”). Accordingly, this Prospectus may not be distributed, and the Placement Options may not be offered or sold, in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Placement Options has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Placement Options that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Placement Options may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

#### United States

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Placement Options (and the underlying ordinary shares) have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Placement Options (and the underlying ordinary shares) may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

The Placement Options (and the underlying ordinary shares) will only be offered and sold in the United States to Approved US Investors.

#### **3.10 Taxation implications**

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Placement Options under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with applying for Placement Options under this Prospectus.

## **4 Effect of the Offer on the Company**

The principal and immediate effect of the Offer, assuming all the Placement Options offered under the Prospectus are issued, will be to issue a maximum of 63,414,634 Placement Options.

### **4.1 Financial position**

The Placement Options to be issued pursuant to this Prospectus will be issued for nil consideration. Accordingly, there will be no immediate effect on the Company’s balance sheet.

Separately, a total of approximately \$13 million (before costs) will be raised from the Placement. This will affect the Company’s balance sheet, by adding to the Company’s total assets, net assets and cash position.

Further capital will be raised if the Placement Options are exercised. Similar to the Placement, any such further capital will affect the Company’s balance sheet, by adding to the Company’s total assets, net assets and cash position. However, as the exercise of Options is not underwritten in any way, the Company is not able to specify with any certainty the extent of any change to the balance sheet given the uncertainty around the number of Placement Options to ultimately be issued and exercised.

The Company's Annual Report for the financial year ended 30 June 2022 was released to ASX on 20 September 2022. The Annual Report can be viewed at [www.asx.com.au](http://www.asx.com.au) (ASX:IHL).

Additional information, including copies of ASX releases and investor presentations, is also available on the Company's website: <http://www.incannex.com.au/>.

#### 4.2 Capital structure

The effect of the Offer on the capital structure of the Company is set out below:

##### (a) Shares

As a result of the Placement, the maximum number of Shares on issue will increase by 63,414,634 Shares.

As a direct result of the Offer, there will be no change to the number of Shares on issue as at the date of the lodgement of the Prospectus. If the maximum number of Placement Options are exercised, the number of Shares on issue will increase by approximately 63,414,634 Shares.

##### (b) Options

As at the date of this Prospectus, the Company has the following existing Options on issue:

No of Options Issued	Unlisted Listed	/	Exercise Price	Expiry Date
33,643,287	Unlisted		\$1.00	28 April 2023
8,200,000	Unlisted		\$0.15	20 November 2023
6,650,000	Unlisted		\$0.20	20 November 2023
20,000,000	Unlisted		\$0.25	20 November 2023
1,500,000	Unlisted		\$0.05	30 June 2025
1,933,332	Unlisted		\$0.26	1 July 2025
3,000,000	Unlisted		\$0.612	4 August 2025
3,000,000	Unlisted		\$0.69	4 August 2025
3,000,000	Unlisted		\$0.765	4 August 2025
1,500,000	Unlisted		\$0.05	30 June 2026
1,399,999	Unlisted		\$0.26	1 July 2026
1,933,332	Unlisted		\$0.31	1 July 2026
1,500,000	Unlisted		\$0.05	30 June 2027
1,399,999	Unlisted		\$0.31	1 July 2027
1,933,336	Unlisted		\$0.35	1 July 2027
1,400,002	Unlisted		\$0.35	1 July 2028

As noted above, the Placement Options comprise a total of 63,414,634 unlisted Options, each with an exercise price of \$0.285 and an expiry date of 31 December 2025.

##### (c) Change in control

The Offer will have no impact on the control of the Company as no person as a result of the Offer will increase their voting power in the Company:

- (i) from 20% or below to more than 20% of issued capital of the Company; or
- (ii) from a starting point that is above 20% and below 90% of issued capital of the Company.

##### (d) Capital structure on completion of the Offer and the Placement

On completion of the Offer and the Placement, and the consequent issue of Placement Shares and Placement Options, the Company's capital structure will be as follows:

- (i) Total number of Shares: 1,587,010,356

- (ii) Total number of Options: 155,407,921

## **5 Risk factors**

### **5.1 Introduction**

This Section 5 identifies the risks that the Board considers are the major risks associated with an investment in the Company.

The Company's business is subject to a high degree of risk due to a number of factors, both specific to its business activities, and risks of a general nature. Individually, or in combination, these might affect the future operating performance of the Company and the value of an investment in the Company.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 5, together with all other information contained in this Prospectus.

The Placement Options offered under this Prospectus (and any Shares issued upon their exercise) should be considered highly speculative and an investment in the Company is not risk free. The Directors strongly recommend that potential investors consult their professional advisers and consider the risks described below, together with information contained elsewhere in this Prospectus, before deciding whether to exercise their Placement Options.

The following list of risks ought not to be taken as exhaustive of all the risks faced by the Company or by Shareholders. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be managed and mitigated by planning and the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company or the Directors and cannot be mitigated.

Neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantees that any specific objectives of the Company will be achieved or that any particular performance of the Company or of its Shares will be achieved.

### **5.2 General Risks**

A summary of the major general risks is described below:

#### **(a) Share market risk**

The market price of listed securities can be expected to rise and fall in accordance with general market conditions. The Shares issued upon the exercise of the Options carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on ASX.

There are a number of factors (both national and international) that may affect the share market price and neither the Company nor its Directors have control of those factors.

#### **(b) Operational risk**

The Company's operations may be affected by various factors including:

- (i) unanticipated operational and technical difficulties encountered;
- (ii) failure of operating equipment, fire, accidents, industrial disputes;
- (iii) risk that development and operating costs prove to be greater than expected;
- (iv) failure to obtain and maintain the relevant licenses and permits and approvals needed to continue to undertake the Company's clinical trials;
- (v) failure of the Company's clinical trials to achieve their objectives in terms of arriving at a clinical breakthrough;
- (vi) failure to achieve market penetrations; and

- (vii) prevention and/or restriction of market penetration through the inability to obtain regulatory and other consents and approvals.

(c) **General economic conditions**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's business activities and potential research and development programs, as well as on their ability to fund those activities.

These factors are beyond the control of the Company and the Company cannot, with any degree of certainty, predict how they will impact on the Company.

(d) **Share price fluctuations**

The market price of the Company's securities will be subject to varied and often unpredictable influences in the share market. Both domestic and world economic conditions may affect the performance of the Company.

(e) **Legislative change**

Changes in government regulations and policies may adversely affect the financial performance or the current and proposed operations of the Company (including the Company's research and development programs).

(f) **Litigation risks**

The Company is exposed to possible litigation risks including, but not limited to, intellectual property claims. Further, the Company may be involved in disputes with other parties in the future, which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(g) **Dependence on outside parties**

The Company may pursue a strategy that forms strategic business relationships with other organisations in relation to potential products. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and conditions with these organisations or that any potential agreements with such organisations will be complied with.

(h) **COVID-19**

The global economic outlook remains highly volatile due to the residual effects caused by the COVID-19 pandemic. The ongoing repercussions of the COVID-19 pandemic may adversely impact the Company's operations and are likely to be beyond the control of the Company.

### 5.3 **Risks specific to the Placement Options**

Placement Options entitle a Placement Participant to apply for a Share at the Placement Option Exercise Price. As Shares are readily available on the market, a Placement Option has material value only if it allows its holder to acquire a Share for a price less than the holder can acquire the Share on-market. As at the last trading day before the date of this Prospectus, the Shares were trading at a price of approximately \$0.23. Therefore, the Placement Options are currently 'out of the money', which means that the risk referred to above is currently being realised. There can be no guarantee that the Placement Options will ever be 'in the money' at any time before the exercise period for the Placement Options ends.

### 5.4 **Risks specific to the Shares**

If the Placement Options are exercised, their relevant holders will be issued with new Shares. This will increase the exposure of the exercising Placement Option holder to the Company and its Shares.

IHL, being a company listed on ASX, is subject to the market forces that influence broad share market trends and the price of securities of individual companies. Recent global political and economic events, including the Russia-Ukraine war, the repercussions of the COVID-19 pandemic and the global financial climate, may cause share price fluctuations in the Australian share market and globally.

Fluctuations in the price of the Shares are therefore a key risk for recipients of the Placement Options.

## 5.5 Risks specific to an investment in the Company

In addition to the general market and economic risks noted in Section 5.2, Placement Participants should be aware of risks specific to an investment in the Company, which may include, but are not limited to the risks described below:

### (a) Intellectual Property Rights

The Company may be forced to litigate, to enforce or defend its intellectual property rights against infringement and unauthorised use by competitors, and to protect our trade secrets. In so doing, the Company's intellectual property may be put at risk of being invalidated, unenforceable, or limited or narrowed in scope.

Further, an adverse result in any litigation or defence proceedings may place pending applications at risk of non-issuance. In addition, if any licensor fails to enforce or defend their intellectual property rights, this may adversely affect the Company's ability to develop and commercialise the Company's current and future products and prevent competitors from making, using, and selling competing products. Any such litigation could be very costly and could distract management from focusing on operating the Company's business. Further, because the content of much of the Company's intellectual property concerns cannabis, psychedelic and other activities that are not legal in some state jurisdictions, the Company may face additional difficulties in defending our intellectual property rights.

### (b) Medicinal cannabis industry in Australia

The medicinal cannabis industry in Australia is still in its relative infancy so many significant risks may arise. These risks include delays in the grant or variation of various licences and permits that can impact timeframes and the ability to generate revenue. There are also uncertainties associated with the medicinal cannabis legislative regime in Australia. There is a risk that a regulatory body could, in the future, change the application of these laws which may adversely impact the Company. Despite cannabis having been legalised for medical use, cannabis continues to be categorised as a controlled substance and violations could result in significant civil or criminal fines and penalties, as well as potentially losing any licenses issued. Any such sanction would adversely affect the operation and financial performance of the business.

### (c) Psychedelic medicine industry in Australia

The industry of psychedelic medicine in Australia is also in its infancy (and even more so than the medicinal cannabis industry) and so very significant risks may arise in this respect. These risks include the risk that relevant licences are never obtained or that, even if obtained, there are significant delays in the grant of such licences. These can impact timeframes and the ability to generate revenue.

There are also uncertainties associated with the legislative regime in Australia with respect to psychedelic medicine in that the legislative framework that is ultimately settled upon is more restrictive than would be needed for the Company to continue to pursue this section of its business and operations.

### (d) Acquisition of APIRx Pharmaceuticals USA, LLC

On 5 August 2022, the Company announced its completion of the acquisition of APIRx. The acquisition results in 22 additional clinical and pre-clinical research and development projects

being transferred to the Company as well as an intellectual property portfolio of 19 granted patents and 23 pending patents.

There is a risk that APIRx's projects cannot be properly integrated or suitably developed, for any number of reasons. In these circumstances, it is possible that the acquisition may not lead to the outcomes that the Directors believe are currently achievable. There is also a risk that the development of APIRx's projects may be more expensive than currently contemplated by the Directors. While the Directors have sought to protect the Company's interests through the negotiation of detailed representations, warranties and indemnities in the long form transaction documentation as well as conducting extensive due diligence and corporate strategy assessments of the APIRx assets, there is a risk that the acquisition of APIRx may not be a success. This may have an adverse effect on the Company's value and its asset position and profitability and prospects.

**(e) Changes in laws and regulations**

The Company's operations are subject to various laws, regulations and guidelines in Australia and territories the Company proposes to operate, or to export to, including laws and regulations relating to health and safety, conduct of operations and the production, management, transportation, storage and disposal of products and of certain material used in operations.

Compliance with these laws and regulations requires compliance with complex Commonwealth, State and local laws. These laws change frequently and may be difficult to interpret and apply. Compliance with these laws and regulations requires the investment of significant financial and managerial resources, and a determination that the Company is not in compliance with these laws and regulations could harm the Company's brand image and business.

Changes to these laws or regulations could negatively affect the Company's competitive position within the industry and the markets in which it operates, and there is no assurance that various levels of government in the jurisdictions in which the Company operates will not pass legislation or regulation that adversely impacts the business. The effect of the administration, application and enforcement of the regimes established on the business in Australia and overseas, or the administration, application and enforcement of the laws of other countries by the appropriate regulators in those countries, may significantly delay or impact the Company's ability to participate in the global market.

**(f) Acceptance of the efficacy of medicinal cannabis products and psychedelic medicines**

Research in Canada, the United States and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids remains in relatively early stages. There have been few clinical trials on the benefits of cannabis or isolated cannabinoids that have been completed, by anyone. The same applies with respect to clinical trials and research on psychedelic medicines.

Future research and clinical trials may draw opposing conclusions to statements contained in existing publications, or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to medicinal cannabis and/or psychedelic medicines, which could adversely affect their social acceptance, including acceptance by the medical community, and the demand for the Company's products.

**(g) Risks associated with clinical trials**

Clinical trials are expensive, time consuming and difficult to design and implement. With respect to the Company's clinical trials, these are expected to continue for several years and may take significantly longer to complete. There is no guarantee that the outcomes of the Company's clinical trials will be successful. Further, regulatory authorities may suspend, delay or terminate the clinical trials at any time for various reasons, including but not limited to:

- (i) changes in applicable regulatory policies and regulations;

- (ii) failure to design appropriate clinical trial protocols; or regulatory concerns with cannabinoid products generally and the potential for abuse;
- (iii) failure to obtain appropriate ethics approval for the clinical trial;
- (iv) discovery of serious or unexpected toxicities or side effects experienced by trial participants;
- (v) lack of effectiveness of any product during the Company's clinical trials;
- (vi) unfavourable results from the Company's on-going pre-clinical studies and clinical trials;
- (vii) failure by the Company, trial operators, its employees, or contractors to comply with all applicable regulatory requirements relating to the conduct of clinical trials; and
- (viii) any of the above could have a material adverse effect on the Company's business, results of operations and financial conditions.

**(h) Reliance on key personnel and consultants**

The Company is largely dependent on the performance of its management team and certain highly qualified employees, including scientists and other research and development personnel, sales personnel and the Company's continuing ability to attract and retain such employees. The Company is also dependent on its ability to recruit and retain suitably qualified personnel.

Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of any such personnel, or an inability to attract other suitably qualified persons when needed, could prevent the Company from executing on the business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. There are a limited number of persons with the requisite knowledge of the cannabis industry and relevant experience.

**(i) Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its development and research programmes as the case may be. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

**(j) Competition**

The pharmaceutical, nutraceutical and psychedelic industries are highly competitive and subject to rapid change. The industries continue to expand and evolve as an increasing number of competitors and potential competitors enter the market. Many of these competitors and potential competitors have substantially greater financial, technological, managerial and research and development resources and experience than the Company. Some of these competitors and potential competitors have similar or more experience than the Company in the development of pharmaceutical products, including validation procedures and regulatory matters. In addition, the products of the Company compete with, product offerings from large and well-established companies that have greater marketing and sales experience and capabilities than we or our future collaboration partners may have. If the Company is unable to compete successfully, it may be unable to generate, grow and sustain its revenue.

**(k) Technology, innovation and cyber security**

The Company relies heavily on its information technology systems. The Company's technologies and other systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber attacks, power or telecommunication provider failure, fire, natural disasters, terrorist acts, war or human error. These events may cause one or more of the Company's systems to become unavailable. Any interruptions to these operations could impact the Company's ability to operate and could result in business interruption, damaged reputation and weakening of competitive position.

Through the ordinary course of its operations, the Company collects an array of confidential information. Cyber-attacks may compromise or breach the systems used by the Company to protect confidential information. There is a risk that the measures taken by the Company may not be sufficient to detect or prevent unauthorised access to, or disclosure of, such confidential information. Any data security breaches or any failure by the Company to protect confidential information could result in the loss of information integrity, or breaches of the Company's obligations under applicable laws or agreements.

**(l) Speculative nature of investment**

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by investors in the Company. Shareholders should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for the new securities.

If the Options offered under this Prospectus are exercised, the Shares issued upon their exercise carry no guarantee in respect of value, profitability, dividends, return of capital or the price at which the Shares may trade on ASX.

Before deciding whether to exercise your Placement Options offered under this Prospectus, you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs. In particular, changes in global economic conditions (including changes in interest rates, inflation, foreign exchange rates and labour costs) as well as general trends in the Australian and overseas equity markets may affect the Company's operations and particularly the trading price of the Shares on ASX.

The Options to be allotted pursuant to this Prospectus, and the Shares issued upon the exercise of the Options, should be regarded as speculative in nature and carry no guarantee with respect to the payment of dividends, return of capital or their market value.

## **6 Rights and liabilities attaching to securities**

### **6.1 Rights attaching to Placement Options**

A maximum of 63,414,634 Placement Options are to be issued to Placement Participants under to this Prospectus, for nil consideration. These Placement Options will have the following terms and conditions:

- (a) The Placement Options will be exercisable at the Placement Option Exercise Price.
- (b) Unless exercised earlier, the Placement Options will expire on the Placement Option Expiry Date. Placement Options not exercised before the Placement Option Expiry Date will expire.
- (c) Each Placement Option will entitle the holder to apply for one Share (being a fully paid ordinary share in the Company ranking equally with all existing fully paid ordinary shares in the Company).
- (d) The Placement Options are exercisable at any time prior to the Placement Option Expiry Date. Any number of Placement Options may be exercised by the holder – there is no minimum prescribed number of Placement Options that must be exercised.
- (e) The Placement Options may be exercised by delivering a duly completed Placement Option Exercise Notice) together with a cheque, BPAY® or electronic funds transfer for

the full payment of the Placement Option Exercise Price to the Share Registry on or prior to the Placement Option Expiry Date.

- (f) Upon the valid exercise of the Placement Options and payment of the Placement Option Exercise Price, the Company will issue fully paid ordinary shares ranking pari passu with the existing Shares.
- (g) The Placement Options will not be transferrable and may not be exercised by any other person other than the Participant. The Placement Options will not be traded on ASX.
- (h) Holders of the Placement Options do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where and only to the extent required pursuant to the ASX Listing Rules, provide holders of the Placement Options with notice prior to the relevant record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the Placement Options, in accordance with the requirements of the ASX Listing Rules.
- (i) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
  - (i) the number of Placement Options, the exercise price of the Placement Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Placement Options which are not conferred on Shareholders; and
  - (ii) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Placement Options will remain unchanged.
- (j) If there is a pro rata issue (except a bonus issue), then at the time of the pro rata issue (except a bonus issue), the exercise price of a Placement Option may be reduced according to the formula set out in ASX Listing Rule 6.22.2. Otherwise, the exercise price of the Placement Option shall remain unchanged.
- (k) If there is a bonus issue to Shareholders, the number of Shares over which the Placement Option is exercisable may be increased by the number of Shares which the Placement Participant would have received if the Placement Option had been exercised before the record date for the bonus issue.
- (l) The terms of the Placement Options shall only be changed if holders of ordinary shares in the Company (whose votes in favour are not to be disregarded under the ASX Listing Rules) approve of such a change. However, the terms of the Placement Options shall not be changed to reduce the Placement Option Exercise Price, increase the number of Placement Options or change any period for exercise of the Placement Options.
- (m) The Placement Options (and the underlying ordinary shares) have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Placement Options (and the underlying ordinary shares) will not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.
- (n) The ordinary shares underlying the Placement Options cannot be deposited in the existing American Depositary Receipts Facility as long as such ordinary shares are "restricted securities" with the meaning of Rule 144 under the US Securities Act.

## 6.2 Rights and liabilities attaching to Shares

The Company's Constitution is of the kind usually adopted by a public company. A summary of the rights attaching to Shares under the Constitution is set out below. This is a summary only of the full terms of the Constitution (copies of the Constitution may be requested from the Company Secretary).

### (a) Voting

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

### (b) Dividends

Subject to law and any special rights and restrictions attached to any Shares:

- (i) the Directors may declare and pay dividends as appear to them to be justified by the profits of the Company; and
- (ii) all dividends shall be payable on all Shares according to the proportion that the amount paid (not credited) is the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

### (c) Winding up

If the Company is wound up and after payment of all debts and satisfaction of liabilities a surplus remains, it may be distributed amongst Shareholders entitled to it in proportion to the number of Shares held by each of them.

### (d) Further increases in capital

Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, ASX Settlement Operating Rules, the Constitution and the Corporations Act, the Directors have the right to issue Shares or grant options over unissued shares to any person and they may do so at such times and on such conditions as they consider appropriate and in the best interests of the Company.

### (e) Variation of Rights

The rights attached to any class of Shares may, unless their terms of issue state otherwise, be varied by a special resolution of the Directors and:

- (i) with the written consent of the Shareholders who are entitled to at least 75% of the votes that may be cast in respect of the shares in that class; or
- (ii) by a special resolution passed at meeting of the Shareholders of shares in that class.

### (f) Transfer of securities

Generally, but subject to the below, the Shares and Options in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on ASX. The Directors may decline to register any transfer of shares but only where permitted to do so under its Constitution or the ASX Listing Rules.

Not all options are transferrable – for example, the Placement Options are not transferrable by Placement Participants.

### (g) Sale of non-marketable holdings

The Company may take steps in respect of non-marketable holdings of Shares in the Company to effect an orderly sale of those Shares in the event that holders do not take steps to retain their

holdings. The Company may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the ASX Listing Rules.

(h) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(i) **Proportional takeover bid approval**

The registration of a transfer of Shares which would give effect to a proportional takeover bid is prohibited unless and until an approving resolution approving the proportional takeover bid is passed. The proportional takeover provisions will cease to have effect on the third anniversary of the last adoption of the Constitution, unless renewed.

## **7 Additional information**

### **7.1 Continuous disclosure obligations**

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act, and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares to be issued on the exercise of Placement Options are in the same class as Shares that have been quoted on the official list of ASX during the three months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or operation to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of new Shares and new Options on the Company and the rights attaching to the new Shares and new Options. It is not necessary to include general information in relation to all of the assets and liabilities, the financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a financial market or securities exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the financial market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and

- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the closing date of the Offer:
- (i) the financial statements of the Company for the financial year ended 30 June 2022 being the most recent set of financial statements of the Company lodged with ASIC before the issue of this Prospectus; and
  - (ii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (i) above until the issue of this Prospectus in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

## 7.2 Company announcements

The Company has made several ASX announcements after the date of lodgement of the Company's Annual Report for year ended 30 June 2022 (which lodgement occurred on 20 September 2022), and before the lodgement of this Prospectus with ASIC.

The announcements below (continuous disclosure notices) have been made by the Company to ASX since 20 September 2022:

Date	Subject of ASX Release
20 September 2022	Appendix 4G
7 October 2022	Annual General Meeting Date
11 October 2022	Positive Pre-IND Meeting with US FDA on IHL-216A
13 October 2022	Positive preliminary data from IHL-675A Ph 1 trial
14 October 2022	Application for quotation of securities - IHL
21 October 2022	Notice of Annual General Meeting/Proxy Form
28 October 2022	Quarterly Activities/Appendix 4C Cash Flow Report
31 October 2022	Incannex files Form 20-F and XBRL Data with SEC
17 November 2022	Incannex Development Update for IHL-42X
21 November 2022	Addendum to Notice of Annual General Meeting
25 November 2022	IHL Commences Manufacturing for Novel Addiction Treatments
29 November 2022	IHL commences manufacturing of skin therapeutics
29 November 2022	IHL Annual General Meeting CEO Address
29 November 2022	Results of Meeting
1 December 2022	Trading Halt

## 7.3 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings, and the Directors are not aware of any pending or threatened legal proceedings against the Company.

## 7.4 Directors' interests

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last two years in:

- (a) the formation or promotion of the Company;
- (b) property acquired or to be acquired by the Company in connection with:
  - (i) its formation or promotion;
  - (ii) the Offer; or
- (c) the Offer,

is set out below or elsewhere in this Prospectus.

Other than as set out below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount and no benefit has been given or agreed to be given to give any benefit to any Director or proposed director:

- (a) to induce them to become, or to qualify as, a Director of the Company; or
- (b) for services provided by a Director in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is as follows:

Director	Current Shares (Direct and Indirect)	Current Options (Direct and Indirect)	Current Performance Rights (Direct and Indirect)
Mr Troy Valentine	36,651,198	2,800,000	Nil
Mr Peter Widdows	16,573,685	Nil	Nil
Mr Joel Latham	21,196,668	10,100,000	Nil
Dr George Anastassov	66,972,077	Nil	Nil
Mr Robert Clark	Nil	Nil	Nil

#### 7.5 Directors' fees and remuneration

The following table shows the annual remuneration paid or accrued to both executive and non-executive current and former Directors (and their associated entities) as disclosed in the Company's 2022 Annual Report for the stated periods.

Director	Financial Year ending 30 June 2022	Financial Year ending 30 June 2021
Mr Troy Valentine	\$654,563	\$186,630
Mr Peter Widdows	\$93,216	\$52,560
Dr Sud Agarwal	\$142,800	\$597,547
Mr Joel Latham	\$1,519,594	\$636,070
Dr George Anastassov	Nil	Nil
Mr Robert Clark	Nil	Nil

#### 7.6 Related party transactions

At the date of this Prospectus, no material transactions with related parties and Directors interests exist that the Directors are aware of, other than those disclosed in this Prospectus.

#### 7.7 Interests of experts and advisers

Other than set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or

- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Thomson Geer are acting as lawyers to the Offer and have performed work in relation to the Prospectus. In doing so, Thomson Geer have placed reasonable reliance upon information provided to Thomson Geer by the Company. Thomson Geer does not make any statement in this Prospectus. As at the date of this Prospectus, Thomson Geer's fees in connection with its role as lawyers to the Offer are approximately \$40,000 (excluding disbursements and GST). Thomson Geer are the Company's Australian lawyers and are engaged from time to time by the Company on a variety of matters. Further amounts may be paid to Thomson Geer in accordance with its normal time based charges.

Bell Potter Securities Limited acted as the lead manager to the Placement and have performed work in relation to the Prospectus. In respect of this work the Company will pay Bell Potter Securities Limited a lead manager fee of 6% of the proceeds of the Placement (being a fee of \$780,000), plus a fee of 1% of the proceeds of the exercise of any Placement Options (excluding disbursements and GST).

## 7.8 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, persons named in this Prospectus with their consent as proposed Directors of the Company, persons named in this Prospectus with their consent as having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading or deceptive statements made in this Prospectus. Although the Company bears primary responsibility for this Prospectus, other parties involved in the preparation of this Prospectus can also be responsible for certain statements made in it.

- (a) Thomson Geer:
  - (i) has given its consent to be named in this Prospectus as set out above and has not withdrawn its consent at the date of lodgement of this Prospectus with ASIC;
  - (ii) makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offer;
  - (iii) has not made or purported to have made any statement in this Prospectus or statement on which a statement in this Prospectus is based, except as described in this Section; and
  - (iv) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for this Prospectus other than a reference to its name and any statement or report included in this Prospectus with the consent of that party as described in this Section; and
- (b) Bell Potter Securities Limited:

- (i) has given its consent to be named in this Prospectus as set out above and has not withdrawn its consent at the date of lodgement of this Prospectus with ASIC;
- (ii) makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offer;
- (iii) has not made or purported to have made any statement in this Prospectus or statement on which a statement in this Prospectus is based, except as described in this Section; and
- (iv) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for this Prospectus other than a reference to its name and any statement or report included in this Prospectus with the consent of that party as described in this Section.

#### **7.9 Privacy disclosure statement**

The Company holds certain personal information regarding Shareholders that has been provided to the Company (directly or via the Share Registry) in connection with their investment in the Company. The *Privacy Act 1988 (Cth)* governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information. The personal information that the Company holds is used to provide services and appropriate administration including communications with members. If the Company is obliged to do so by law, investors' personal information will be passed on to other parties strictly in accordance with legal requirements.

The Corporations Act requires that the Company include information about security holders (including name, address and details of the securities held) in its public register. The information contained in the Company's public register must remain there for seven years after that person ceases to be a security holder. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual report and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

An investor has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

An investor who would like details of their personal information held by the Company or its Share Registry, or who would like to correct information that is incorrect or out of date, should contact the Share Registry by telephone on 1300 288 664 or +61 8 9324 2099 or by email at [hello@automic.com.au](mailto:hello@automic.com.au) or using the address shown in the Corporate Directory.

#### **7.10 Information excluded from continuous disclosure notices**

There is no information which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules, and which is required to be set out in this Prospectus.

#### **7.11 Determination by ASIC**

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing Options.

#### **7.12 Electronic Prospectus**

This Prospectus is available in electronic form. The electronic version will be available on the Company's website and on the Company's announcements page on the ASX company announcements platform. The Offer constituted by this Prospectus in electronic form is made only to Placement Participants receiving this Prospectus in electronic form in Australia, Hong Kong and the United States. Persons who access the electronic form of this Prospectus must ensure that they download and read the entire Prospectus.

### 7.13 Expenses of the Offer

All expenses connected with the Offer are being borne by the Company. The approximate costs of the Offer payable by the Company (exclusive of GST) are listed below:

<b>Expense</b>	<b>Cost (A\$)</b>
ASIC	\$4,000
ASX	\$26,000
Registry	\$20,000
Legal	\$40,000
Lead Manager	\$780,000
<b>TOTAL</b>	<b>\$870,000</b>

### 7.14 Authorisation

Each Director has consented (and has not withdrawn their consent) to the lodgement of this Prospectus with ASIC.

This Prospectus is signed for and on behalf of the Company, pursuant to a resolution of the Board, by:



.....  
**Mr Troy Valentine**  
**Chairman**  
**Incannex Healthcare Limited**

## 8 Definitions and glossary

Terms and abbreviations used in this Prospectus have the following meaning:

<b>\$</b>	Australian dollars
<b>APIRx</b>	APIRx Pharmaceuticals USA, LLC
<b>Application Form</b>	The application form attached to or accompanying this Prospectus relating to the Offer
<b>Approved US Investor</b>	means an institutional investor in the United States that participated in the Placement and is either (i) an “institutional accredited investor” within the meaning of Rule 501(a)(1), (2), (3), (7), (8), (9) or (12) under the US Securities Act, or (ii) a dealer or other professional fiduciary organized or incorporated in the United States that is acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not US persons and for which it exercises investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited or the financial market known as the Australian Securities Exchange operated by it, as the context requires
<b>ASX Listing Rules</b>	The official listing rules of ASX
<b>ASX Settlement</b>	ASX Settlement Pty Ltd
<b>ASX Settlement Operating Rules</b>	The operating rules of ASX Settlement
<b>business day</b>	A day, other than a Saturday, Sunday or public holiday, on which banks are open for general banking business in Melbourne, Victoria
<b>Company</b>	Incannex Healthcare Limited ACN 096 635 246
<b>Constitution</b>	The constitution of the Company
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Directors</b>	The directors of Incannex from time to time
<b>Offer</b>	The offer to Placement Participants of one Placement Option for every one Placement Share to be issued to the Placement Participant under the Placement
<b>Options</b>	The options on issue in the Company from time to time
<b>Placement</b>	The placement being undertaken by the Company to institutional investors to raise approximately \$13 million through the issue of 63,414,634 Shares at an issue price of \$0.205 per Share

<b>Placement Option</b>	An option granted for nil consideration under this Prospectus to acquire one fully paid ordinary Share, exercisable before the Placement Option Expiry Date at the Placement Option Exercise Price
<b>Placement Option Exercise Notice</b>	The option exercise notice to be submitted by a Placement Participant to the Share Registry requiring the Company to issue Shares on exercise of the Placement Options
<b>Placement Option Exercise Price</b>	\$0.285 per Placement Option
<b>Placement Option Expiry Date</b>	5:00pm (Melbourne time) on Wednesday, 31 December 2025
<b>Placement Participants</b>	A person who participates in the Placement
<b>Placement Shares</b>	The Shares being issued to Placement Participants under the Placement
<b>Prospectus</b>	This prospectus dated Monday, 5 December 2022 as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus
<b>Share Registry</b>	Automic Pty Limited
<b>Shares</b>	The ordinary shares on issue in Incannex from time to time
<b>Shareholder</b>	A holder of 1 or more Shares from time to time

## 9 Corporate Directory

Directors	Administration and Registered Office	
<p>Mr Troy Valentine <i>Non-Executive Chairman</i></p> <p>Mr Joel Latham <i>Managing Director</i></p> <p>Mr Peter Widdows <i>Non-Executive Director</i></p> <p>Dr Sud Agarwal <i>Non-Executive Director</i></p> <p>Dr George Anastassov <i>Non-Executive Director</i></p> <p>Mr Robert Clark <i>Non-Executive Director</i></p>	<p>Level 23, Rialto South Tower 525 Collins Street Melbourne VIC 3000</p> <p>Tel: 0422 180 317</p> <p>Email at <a href="mailto:investors@incannex.com.au">investors@incannex.com.au</a></p> <p><a href="http://www.incannex.com.au">www.incannex.com.au</a></p>	
Share Registry	Lawyers to the Offer	Lead Manager to the Offer
<p>Automic Registry Services Level 5, 191 St Georges Terrace Perth WA 6000</p> <p>Tel: 1300 288 664 or +61 8 9324 2099</p> <p>Email at <a href="mailto:hello@automic.com.au">hello@automic.com.au</a></p> <p><a href="http://www.investor.automic.com.au">www.investor.automic.com.au</a></p>	<p>Thomson Geer Level 23, Rialto South Tower 525 Collins Street Melbourne VIC 3000</p> <p>Tel: 03 8080 3500</p> <p><a href="http://www.tglaw.com.au">www.tglaw.com.au</a></p>	<p>Bell Potter Securities Limited Level 29 101 Collins Street Melbourne VIC 3000</p> <p>Tel: 1300 023 557</p> <p><a href="http://www.bellpotter.com.au">www.bellpotter.com.au</a></p>