
ZELIRA THERAPEUTICS LIMITED**ACN 103 782 378****NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Meeting will be held at:

TIME: 9:00 am

DATE: 13 November 2020

PLACE: Blackwall Legal, Level 26, 140 St Georges Tce, Perth WA

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

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 9 am on 11 November 2020.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2020."

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

Voting Prohibition Statement:

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

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

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

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

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – HARRY KARELIS

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

"That, for the purpose of clause 12.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Harry Karelis, a Director, retires, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – APPROVAL TO ISSUE OPTIONS TO THORNEY INVESTMENT GROUP

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 37,037,000 Options on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Thorney Investment Group (or their nominee or custodian) and

any other person who is expected to participate in, or who will obtain a material benefit as a result of the issue of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of that person or those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written communication to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. **RESOLUTION 4 – RATIFICATION OF ISSUE OF SHARES TO THORNEY INVESTMENT GROUP**

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 37,037,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Thorney Investment Group (or their nominee or custodian) or an associate of that person.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. **RESOLUTION 5 – RATIFICATION OF SHARE PLACEMENT TO SOPHISTICATED INVESTORS - LISTING RULE 7.1**

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 140,000,000 Shares on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely the sophisticated investors who participated) or an associate of that person. However, this does not apply to a vote cast in favour of the Resolution by:

- (d) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (e) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (f) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (iii) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (iv) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. RESOLUTION 6 – RATIFICATION OF SHARE PLACEMENT TO SOPHISTICATED INVESTORS – LISTING RULE 7.1A

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 34,987,560 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely the sophisticated investors who participated) or an associate of that person. However, this does not apply to a vote cast in favour of the Resolution by:

- (g) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (h) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (i) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (v) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

8. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY

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

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

Dated: 12 October 2020

By order of the Board

Tim Slate
Company Secretary

NOTICE

Notice is hereby given that the General Meeting of Shareholders of Zelira Therapeutics Limited (**Company**) will be held at Blackwall Legal Boardroom, Level 26, 140 St Georges Terrace, Perth, Western Australia on Friday, 13 November 2020 at 9.00 am (WST) (**Meeting**).

Due to the public health measures mandated by various regulatory authorities as means of combating the ongoing Covid-19 pandemic, for the health and safety of all Shareholders and Company officers, Zelira Therapeutics Limited encourages shareholders to vote by proxy, rather than attending the Meeting in person.

As at the date of this Notice, the Company intends to hold a physical in-person Meeting, so long as the number of attendees remains within the limits permitted under the latest public gathering restriction guidelines. In the event that the number of attendees exceeds that permitted, the Meeting Chairperson will adjourn the Meeting in the interests of the safety of all involved, for it to be resumed at a later date.

If it becomes necessary to make changes to the current arrangements for the Meeting, the Company will advise Shareholders through its website and by making an ASX announcement.

Shareholders are encouraged to lodge proxy forms by no later than 9.00am (WST) 11 November 2020. Lodgement instructions (which include the ability to lodge proxies electronically) are set out in the Notice of Meeting.

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on, 11 November 2020 at 5.00pm (WST).

Voting in person

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

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that :

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6558 0886.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2020 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.zeliratx.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

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

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

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

2.2 Voting consequences

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

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

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

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

2.3 Previous voting results

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

3. RESOLUTION 2 – RE-ELECTION OF HARRY KARELIS

3.1 General

ASX Listing Rule 14.4 and clause 12.3 of the Constitution provide that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled to be exempt from this rotation requirement.

Harry Karelis was last re-elected on 24 November 2017.

3.2 Qualifications and other material directorships

Mr Karelis has a Bachelor degree with Honours in Science and a Masters in Business Administration from the University of Western Australia. He is a Fellow of the Financial Services Institute of Australia and a Fellow of the Australian Institute of Company Directors. He is also a Chartered Financial Analyst (CFA) from the CFA Institute in the United States. Mr Harry Karelis is the Chairman of Gemelli Group, a privately held investment group involved in a range of projects and has in excess of 28 years diversified experience in the financial services sector including fundamental analysis, funds management and private equity investing and has been involved in numerous cross border activities across a number of countries.

Mr Karelis was a director of Velpic Ltd from October 2014 to April 2018 and AusCann Group Holdings Ltd from January 2017 to December 2017.

3.3 Independence

Mr Karelis is considered to be an independent Director.

3.4 Board recommendation

The Board supports the election of Mr Karelis and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 - APPROVAL TO ISSUE OPTIONS TO THORNEY INVESTMENT GROUP

4.1 General

As set out in more detail in Section 5.1 below, on 25 September 2020, the Company issued 37,037,000 Shares to Thorney (**Thorney Placement**).

The Company is now seeking approval to also issue Thorney 37,037,000 one-for-one free attaching unquoted Options (**Thorney Options**), exercisable at A\$0.07 and expiring two years from the date of their issue.

Subject to a number of exceptions, ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of

the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The proposed issue of the Thorney Options falls within exception 17 of Listing Rule 7.2, which requires the Company to seek shareholder approval under Listing Rule 7.1 prior to the issue of the Thorney Options. Accordingly, the Company agreeing to issue the Thorney Options did not take up any of the Company's placement capacity.

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

4.2 Technical information required for Resolution 3

4.2.1 Technical information required by Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Thorney Options. In addition, the issue of the Thorney Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Thorney Options and the Company may be required to renegotiate their issue with Thorney, or may be required to pay a cash sum in lieu of the issue of the Thorney Options to Thorney.

Resolution 3 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Thorney Options.

4.2.2 Technical information required by Listing Rule 7.3

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

- (a) The Thorney Options will be issued to Thorney as one-for-one free attaching Options under the Thorney Placement.
- (b) the maximum number of Thorney Options to be issued is 37,037,000;
- (c) the Thorney Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Thorney Options will occur on the same date;
- (d) the issue price of the Thorney Options will be nil as they will be issued free attaching to the Thorney Placement;
- (e) the Thorney Options will be issued to Thorney who is not a related party of the Company;
- (f) the Thorney Options will be issued on the terms and conditions set out in Schedule 1;
- (g) the Thorney Options are not being issued under an agreement;
- (h) the Thorney Options are not being issued under, or to fund, a reverse takeover; and

- (i) no funds will be raised from the issue of the Thorney Options as they will be issued for nil consideration on a free attaching basis, however, if all of the Thorney Options are exercised, the Company will receive \$2,592,590, being 37,037,000 multiplied by \$0.07.

4.3 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

5. RESOLUTION 4 – RATIFICATION OF ISSUE OF SHARES TO THORNEY

5.1 General

On 25 September 2020, the Company issued a total of 37,037,000 Shares in a private placement to Thorney Investment Group (**Thorney Placement**). The Thorney Placement raised a total of \$2,000,000 before costs, and will be used to accelerate the Company's commercialisation plans that have previously been communicated to the ASX. The issue of Shares under the Thorney Placement was not subject to shareholder approval as the issue fell within the Company's placement capacity pursuant to ASX Listing Rule 7.1A which was approved by Shareholders at the Company's 2019 annual general meeting.

Resolution 4 seeks approval for the ratification of the previous issue of 37,037,000 Shares pursuant to the Placement (**Thorney Placement Shares**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25%

The Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 7 being passed by the requisite majority at this Meeting.

The issue of the Thorney Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it uses up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Thorney Placement Shares.

5.2 Listing Rule 7.4

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

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 25% annual placement capacity set out in ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

5.3 Technical information required for Resolution 4

5.3.1 Technical information required by Listing Rule 14.1A

If Resolution 4 is passed, the Thorney Placement Shares will be excluded in calculating the Company's 25% limit in Listing Rule 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Thorney Placement Shares.

If Resolution 4 is not passed, the Thorney Placement Shares will be included in calculating the Company's 25% limit in Listing Rule 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

5.3.2 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 4:

- (a) The Thorney Placement Shares were issued to Thorney who is not a Related Party of the Company.
- (b) 37,037,000 Shares were issued pursuant to Listing Rule 7.1A under the Thorney Placement.
- (c) The Thorney Placement Shares were issued on 25 September 2020;
- (d) the Placement Shares were issued at an issue price of A\$0.054 per share. The Company has not and will not receive any other consideration for the issue of the Thorney Placement Shares;
- (e) the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Thorney Placement Shares were not issued under an agreement; and
- (g) The funds raised under the Placement will primarily be used to accelerate the Company's plans to launch multiple products into global markets and to advance its planned clinical programmes, and for working capital;

5.4 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 4.

6. RESOLUTIONS 5 AND 6 - RATIFICATION OF PREVIOUS ISSUE TO SOPHISTICATED INVESTORS

6.1 General

On 11 August 2020, the Company issued a total of 174,987,560 Shares in a share placement to sophisticated and professional investors (**Placement**). The Placement was conducted at \$0.05 per Share and raised a total of \$8,749,378 (before costs). A total of 140,000,000 Shares were issued pursuant to the

Company's capacity under Listing Rule 7.1 and 34,987,560 Shares issued pursuant to the Company's capacity under Listing Rule 7.1A.

Resolutions 5 and 6 seek Shareholder approval for the ratification of the previous issue of 140,000,000 Shares issued pursuant to Listing Rule 7.1, and ratification for the 34,987,560 Shares issued pursuant to Listing Rule 7.1A (collectively **Placement Shares**)

6.2 Listing Rules 7.1 and 7.1A

As summarised in Section 5.1 above, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

Under Listing Rule 7.1A however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 7 being passed by the requisite majority at this Meeting.

The issue of the Placement Shares does not fit within any of the exceptions set out in Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it effectively uses up part of the 25% limit in Listing Rules 7.1 and 7.1A, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 and 7.1A for the 12 month period following the date of issue of the Placement Shares.

6.3 Listing Rule 7.4

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

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 25% annual placement capacity set out in ASX Listing Rule 7.1 and ASX Listing Rule 7.1A without the requirement to obtain prior Shareholder approval.

Resolutions 5 and 6 seek Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

6.4 Technical information required for Resolutions 5 and 6

6.4.1 Technical information required by Listing Rule 14.1A

If Resolutions 5 and 6 are passed, the Placement Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

If Resolutions 5 and 6 are not passed, the Placement Shares will be included in calculating the Company's combined 25% limit in Listing Rule 7.1 and 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

It is noted that the Company's ability to utilise the additional 10% capacity provided for in Listing Rule 7.1A for issues of equity securities following this Meeting remains conditional on Resolution 7 being passed at this Meeting.

6.4.2 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolutions 5 and 6:

- (a) The Placement Shares were issued to professional and sophisticated investors in Australia and the US and facilitated the entry of several new institutions from Australia onto the the Company's share register. The Placement was managed by Morgans Corporate Ltd via a bookbuild process involving Morgan's seeking expressions of interest to participate in the capital raising from non-related parties of the Company. None of the Placement Participants are Related Parties of the Company.
- (b) in accordance with paragraph 7.4 of ASX Guidance Note 21, the Company confirms that none of the recipients were:
 - (i) related parties of the Company, members of the Company's Key Management Personnel, substantial holders of the Company, advisers of the Company or an associate of any of these parties; and
 - (ii) issued more than 1% of the issued capital of the Company;
- (c) 174,987,560 Placement Shares were issued on the following basis:
 - (i) 140,000,000 Shares issued pursuant to Listing Rule 7.1 (ratification of which is sought under Resolution 5); and
 - (ii) 34,987,560 Placement Shares issued pursuant to Listing Rule 7.1A (ratification of which is sought under Resolution 6);
- (d) The Placement Shares were issued on 11 August 2020;
- (e) the Placement Shares were issued at an issue price of A\$0.05 per Share under both the issue of Shares pursuant to Listing Rule 7.1 and Listing Rule 7.1A. The Company has not and will not receive any other consideration for the issue of the Placement Shares;
- (f) the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (g) the purpose of the issue of the Placement Shares was to raise approximately \$8.75m. The funds raised under the Placement will primarily be used to accelerate the Company's plans to launch multiple products into global markets and to advance its planned clinical programmes, and for working capital; and

- (h) the Placement Shares were not issued under an agreement.

6.5 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolutions 5 and 6.

7. RESOLUTION 7 – APPROVAL OF 10% PLACEMENT CAPACITY

7.1 General

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

However, under Listing Rule 7.1A, an eligible entity may seek shareholder approval by way of a special resolution passed at its annual general meeting to increase this 15% limit by an extra 10% to 25% (**7.1A Mandate**).

An 'eligible entity' means an entity which is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300,000,000 or less. The Company is an eligible entity for these purposes.

Resolution 7 seeks Shareholder approval by way of special resolution for the Company to have the additional 10% placement capacity provided for in Listing Rule 7.1A to issue Equity Securities without Shareholder approval.

If Resolution 7 is passed, the Company will be able to issue Equity Securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If Resolution 7 is not passed, the Company will not be able to access the additional 10% capacity to issue Equity Securities without Shareholder approval under Listing Rule 7.1A, and will remain subject to the 15% limit on issuing Equity Securities without Shareholder approval set out in Listing Rule 7.1.

7.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 7:

(a) Period for which the 7.1A Mandate is valid

The 7.1A Mandate will commence on the date of the Meeting and expiring on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the time and date of the Company's next annual general meeting; and
- (iii) the time and date of approval by Shareholders of any transaction under Listing Rule 11.1.2 (a significant change in the nature or scale of activities) or Listing Rule 11.2 (disposal of the main undertaking).

(b) **Minimum Price**

Any Equity Securities issued under the 7.1A Mandate must be in an existing quoted class of Equity Securities and be issued at a minimum price of 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 6.2(b)(i), the date on which the Equity Securities are issued.

(c) **Use of funds under the 7.1A Mandate**

The Company intends to use funds raised from issues of Equity Securities under the 7.1A Mandate for the development and commercialisation of proprietary cannabinoid formulations to treat a variety of medical conditions.

(d) **Risk of Economic and Voting Dilution**

Any issue of Equity Securities under the 7.1A Mandate will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 7 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 7.1A Mandate, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A.2, on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 25 September 2020.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 7.1A Mandate.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	0.028 50% decrease in Issue Price	0.056 Issue Price	0.84 50% increase in Issue Price
1,179,322,966 (Current Variable A)	Shares issued - 10% voting dilution	117,932,296 Shares	117,932,296 Shares	117,932,296 Shares
	Funds raised	\$3,302,104	\$6, 604,209	\$9,906,313
1,768,984,449	Shares issued - 10% voting dilution	176,898,444 Shares	176,898,444 Shares	176,898,444 Shares

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	0.028 50% decrease in Issue Price	0.056 Issue Price	0.84 50% increase in Issue Price
(50% increase in Variable A)	Funds raised	\$4,953,156	\$9,906,313	\$14,859,469
2,358,645,932 (100% increase in Variable A)	Shares issued - 10% voting dilution	235,864,593 Shares	235,864,593 Shares	235,864,593 Shares
	Funds raised	\$6,604,209	\$13,208,417	\$19,812,626

The table above uses the following assumptions:

1. There are currently 1,179,322,966 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 25 September 2020.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1 unless otherwise disclosed.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

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

(e) Allocation policy under the 7.1A Mandate

The recipients of the Equity Securities to be issued under the 7.1A Mandate have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 7.1A Mandate, having regard to the following factors:

- (i) the purpose of the issue;

- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue, share purchase plan, placement or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

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

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

The Company has issued 72,024,560 Shares pursuant to the Previous Approval, which represent approximately 8.55% of the total diluted number of Equity Securities on issue in the Company on 28 November 2019, which was 842,438,601.

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

The following information is provided in accordance with Listing Rule 7.3A.6(b) in respect of the Previous Approval:

Date of Issue and Appendix 2A	Date of Issue: 11 August 2020 Date of Appendix 2A: 3 August 2020	Date of Issue: 25 September 2020 Date of Appendix 2A: 25 September 2020
Recipients	New and existing professional and sophisticated investors as part of a placement announced on 3 August 2020.	Thorney Investment Group
Number and Class of Equity Securities Issued	140,000,000 Shares ² under Listing Rule 7.1 34,987,560 Shares ² under Listing Rule 7.1A	37,037,000 Shares under Listing Rule 7.1A ²
Issue Price and discount to Market Price¹ (if any)	\$0.05 per Share (at a discount 3.85% to Market Price ¹).	\$0.054 per Share (at a discount 3.57% to Market Price ¹).
Total Cash Consideration	Amount raised: \$8,749,378 (before costs)	Amount raised: \$2,000,000 (before costs) Amount spent: \$nil

and Use of Funds	<p>Amount spent: \$1,136,971</p> <p>Use of funds: to accelerate launch of five products into global markets in 2020</p> <p>Amount remaining: \$7,612,407</p> <p>Proposed use of remaining funds³: to accelerate launch of five products into global markets in 2020</p>	<p>Use of funds: NA</p> <p>Amount remaining: \$2,000,000 (before costs)</p> <p>Proposed use of remaining funds³: to accelerate the development and commercialisation of proprietary cannabinoid formulations to treat a variety of medical conditions.</p>
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Notes:

1. Market Price means the closing price of Shares on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: ZLD (terms are set out in the Constitution).
3. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

7.3 Voting Exclusion

As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A. Accordingly, a voting exclusion statement is not included in this Notice.

8. GLOSSARY

\$ means Australian dollars.

7.1A Mandate has the meaning given in Section 7.1

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

ASIC means the Australian Securities & Investments Commission.

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

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

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Company means Zelira Therapeutics Limited (ACN 103 782 378).

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

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

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

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

Explanatory Statement means the explanatory statement accompanying the Notice.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Placement has the meaning given in Section 6.1.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2019.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

Thorney means Thorney Investment Group Australia Pty Ltd (ACN 117 488 892)

Thorney Options has the meaning given in Section 4.1.

Thorney Placement has the meaning given in Section 4.1.

Thorney Placement Shares has the meaning given in Section 5.1.

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

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

SCHEDULE 1 – TERMS AND CONDITIONS OF OPTIONS

(a) **Entitlement**

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

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.07 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire two years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

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

(e) **Notice of Exercise**

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

(f) **Exercise Date**

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

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

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

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

ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

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

(i) **Reconstruction of capital**

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

(j) **Participation in new issues**

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

(k) **Change in exercise price**

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

(l) **Transferability**

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