

ZELDA THERAPEUTICS LIMITED
ACN 103 782 378

PROSPECTUS

For the offer of up to 40,000 Shares in the capital of the Company at an issue price of \$0.07 per Share to raise up to \$2,800 (before expenses).

This Prospectus has been prepared primarily for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to the Closing Date.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Shares being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Shares offered under this Prospectus should be considered speculative.

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1. CORPORATE DIRECTORY

Directors

Harry Karelis (Executive Chairman)
Dr Stewart Washer (Executive Director)
Jason Peterson (Non-Executive Director)
Mara Gordon (Non-Executive Director)

Company Secretary

Tim Slate

ASX Code:

ZLD

Share Registry*

Computershare Investor Services Pty
Limited
Level 11
172 St Georges Terrace
PERTH WA 6000

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FACSIMILE: +61 8 9323 2033

Auditor

HLB Mann Judd
Level 4
130 Stirling Street
PERTH WA 6000

Registered Office

C/- Catalyst Corporate Pty Ltd
Level 6
105 St Georges Terrace,
PERTH WA 6000

Telephone: + 61 8 6558 0886
Facsimile: +61 8 6316 3337

Email:
enquiries@zeldatherapeutics.com
Website: zeldatherapeutics.com

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

2. TIMETABLE AND IMPORTANT NOTES

2.1 Timetable

Action	Date
Lodgement of Prospectus with the ASIC and ASX	3 April 2017
Opening Date	3 April 2017
Closing Date*	5:00pm WST on 6 April 2017
Issue Date	10 April 2017
Expected date of Official Quotation of the Shares	10 April 2017

* The Directors reserve the right to bring forward or extend the Closing Date at any time after the Opening Date without notice. As such, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Date.

2.2 Important Notes

This Prospectus is dated 3 April 2017 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Offer is only available to those who are personally invited to accept the Offer. Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 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 had 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 whom potential investors may consult.

2.3 Web Site – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at www.zeldatherapeutics.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and

any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

2.4 Risk Factors

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 6 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

2.5 Overseas Investors

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue in this Prospectus.

2.6 Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6 of this Prospectus.

2.7 Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as

having been authorised by the Company or any other person in connection with the Offer. You should rely only on information in this Prospectus.

3. DETAILS OF THE OFFER

3.1 Offer

Under this Prospectus, the Company invites investors identified by the Directors to apply for up to 40,000 Shares at an issue price of \$0.07 per Share to raise up to \$2,800 (before expenses).

The Offer will only be extended to specific parties on invitation from the Directors. Application Forms will only be provided by the Company to these parties.

All of the Shares offered under this Prospectus will rank equally with Shares on issue at the date of this Prospectus.

3.2 Objective

The Company is seeking to raise only a nominal amount of \$2,800 under this Prospectus and, accordingly, the purpose of this Prospectus is not to raise capital.

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date.

Relevantly, section 708A(11) of the Corporations Act provides that a sale offer does not need disclosure to investors if:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) either:
 - (i) a prospectus is lodged with the ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or
 - (ii) a prospectus is lodged with ASIC before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

3.3 Application for Shares

Applications for Shares must be made by investors at the direction of the Company and must be made using the Application Form accompanying this Prospectus.

Payment for the Shares must be made in full at the issue price of \$0.07 per Share.

Completed Application Forms and accompanying cheques must be mailed or delivered to the Company as follows:

Cheques should be made payable to "**Zelda Therapeutics Limited – Share Offer Account**" and crossed "**Not Negotiable**". Completed Application Forms and cheques must reach the address set out above by no later than the Closing Date.

3.4 Minimum subscription

There is no minimum subscription in respect of the Offer.

3.5 Issue of Shares

This Prospectus has been issued primarily to cleanse the issue of Shares on or before the date of this Prospectus. As such, it is not anticipated that the Company will issue any Shares under this Prospectus.

In the event that the Directors decide to issue Shares under this Prospectus, the issue of Shares under the Offer will take place as soon as practicable after the Closing Date. Application moneys will be held in a separate subscription account until the Shares are issued. This account will be established and kept by the Company in trust for each Applicant. Any interest earned on the application moneys will be for the benefit of the Company and will be retained by the Company irrespective of whether any Shares are issued and each Applicant waives the right to claim any interest.

The Directors will determine the recipients of all the Shares. The Directors reserve the right to reject any application or to allocate any Applicant fewer Shares than the number applied for.

Where the number of Shares issued is less than the number applied for, the surplus moneys will be returned by cheque as soon as practicable after the Closing Date. Where no issue of Shares is made, the amount tendered on application will be returned in full by cheque as soon as practicable after the Closing Date. Interest will not be paid on moneys refunded.

3.6 ASX listing

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made within 7 days of the date of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

3.7 Restrictions on the distribution of the Prospectus

The distribution of this Prospectus outside the Commonwealth of Australia may be restricted by law.

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Shares on the basis of this Prospectus. The return of a duly completed Application Form will be taken to constitute a representation and warranty that

there has been no breach of such laws and that all approvals and consents have been obtained.

3.8 Enquiries

Any questions concerning the Offer should be directed to Tim Slate, Company Secretary, on +61 8 6558 0886.

4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the Offer

The primary purpose of this Prospectus is to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date (including prior to the date of this Prospectus). All of the funds raised from the Offer will be applied towards the expenses of the Offer. Refer to Section 7.8 of this Prospectus for further details relating to the estimated expenses of the Offer.

4.2 Effect of the Offer on capital structure

The effect of the Offer on the Company's capital structure is set out below.

Shares ¹	Number
Shares currently on issue	669,127,649
Shares to be issued under the Placement ²	85,714,286
Shares offered under this Prospectus	40,000
Total Shares on issue on completion of the Offer	754,881,935

Notes:

1. The rights and liabilities attaching to the Shares are summarised in Section 5 of this Prospectus.
2. 85,714,286 Shares will be issued to institutional and sophisticated investors at \$0.07 per Share to raise \$6,000,000 via a Placement (before costs).

Options	Number
Unlisted Class A Options exercisable at \$0.03125 each on or before 17 November 2021	40,000,000
Unlisted Class B Options exercisable at \$0.04 each on or before 6 February 2020	2,000,000
Unlisted Class C Options exercisable at \$0.04 each on or before 6 February 2020 ¹	6,000,000
Options offered under this Prospectus	Nil
Total Options on issue on completion of the Offer	48,000,000

4.3 Financial effect of the Offer

After expenses of the Offer of approximately \$9,600, there will be no proceeds from the Offer. The expenses of the Offer (exceeding \$6,800) will be met from the Company's existing cash reserves.

As such, the Offer will have an effect on the Company's financial position, being receipt of funds of \$2,800 less costs of preparing the Prospectus of approximately \$9,600.

5. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

5.1 General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

5.2 Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote for each partly paid share. The fraction shall be equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable, excluding amounts credited, provided that amounts paid in advance of a call are ignored when calculating a true proportion.

5.3 Dividend rights

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares in accordance with s 254W of the Corporations Act.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or

obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

5.4 Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

5.5 Calls on Shares

The Directors may, subject to the requirements of the Corporations Act and the Listing Rules, make calls upon a Shareholder in respect of any money unpaid on the Shares of that Shareholder and not by the terms of issue of those Shares made payable at fixed times.

5.6 Transfer of shares

Subject to the Constitution a Shareholder may transfer all or any of the Shareholder's Shares by:

- (a) Market transfer in accordance with any computerised or electronic system established or recognised by the Listing Rules or the Corporations Act for the purpose of facilitating dealings in shares including a transfer that may be effected pursuant to the ASTC Settlement Rules or other electronic process; and
- (b) an instrument which is:
 - (i) in writing in any usual or common form or in any other form that the Directors approve;
 - (ii) a sufficient instrument or transfer of marketable securities under section 1071B of the Corporations Act;
 - (iii) in a form approved by ASX; or
 - (iv) in any other usual or common form.

5.7 Future increase in capital

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

5.8 Variation of rights

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

5.9 Reduction of share capital

The Company may reduce its share capital by any of the means authorised by the Corporations Act, subject to the provisions of that law and, where applicable, the Listing Rules. The Company may reduce its share capital in any way that is not otherwise authorised by law, including by way of an in specie distribution of the assets of the Company (including any shares, options or other securities in another Corporation), if the reduction:

- (a) is fair and reasonable to the Company's Shareholders as a whole;
- (b) does not materially prejudice the Company's ability to pay its creditors;
and
- (c) is approved by Shareholders in accordance with Section 256C of the Corporations Act.

6. RISK FACTORS

6.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. There are a number of risks and uncertainties, both specific to the Company and of a general nature, which may, either individually or in combination, affect the future operating and financial performance of the Company, its prospects, and/or the value of its securities. In particular, the Company is subject to risks relating to the exploration and development of mineral properties that are not generally associated with other businesses. Many of the circumstances giving rise to these risks are beyond the control of the Company, its Directors and management.

This Section describes key risks associated with an investment in the Company. It is not an exhaustive list of the risks and should be considered in conjunction with other information disclosed in this Prospectus. Additional risks and uncertainties that the Company is unaware of, or that it currently does not consider to be material, may also become important factors that may have an adverse effect on the Company.

6.2 Company Risks

(a) Risk of adverse publicity

The clinical trials which the Company aims to develop involve the use of controlled substances and their regulatory approval may generate public controversy. Political and social pressures and adverse publicity could lead to delays in approval of, and increased expenses for, the Company's products. These pressures could also limit or restrict the introduction and marketing of the Company's products. Adverse publicity from cannabis misuse or adverse side effects from cannabis or other cannabinoid products may adversely affect the commercial success or market penetration achievable by the Company's products. The nature of the Company's business attracts a high level of public and media interest, and in the event of any resultant adverse publicity, the Company's reputation may be harmed.

(b) Risks associated with clinical trials

Clinical trials are expensive, time consuming and difficult to design and implement. Even if the results of the Company's clinical trials are favourable, the clinical trials for a number of the Company's product candidates are expected to continue for several years and may take significantly longer to complete. In addition, regulatory authorities, including state and local, may suspend, delay or terminate the clinical trials at any time, or suspend or terminate the registrations and quota allotments the Company requires in order to procure and handle controlled substances, for various reasons, including:

- (i) lack of effectiveness of any product candidate during clinical trials;
- (ii) discovery of serious or unexpected toxicities or side effects experienced by trial participants or other safety issues;
- (iii) slower than expected rates of subject recruitment and enrolment rates in clinical trials;

- (iv) difficulty in retaining subjects who have initiated a clinical trial but may withdraw at any time due to adverse side effects from the therapy, insufficient efficacy, fatigue with the clinical trial process or for any other reason;
- (v) delays or inability in manufacturing or obtaining sufficient quantities of materials for use in clinical trials due to regulatory and manufacturing constraints;
- (vi) inadequacy of or changes in the Company's manufacturing process or product formulation;
- (vii) delays in obtaining regulatory authorisation to commence a trial, including "clinical holds" or delays requiring suspension or termination of a trial by a regulatory agency before or after a trial is commenced;
- (viii) changes in applicable regulatory policies and regulations;
- (ix) delays or failure in reaching agreement on acceptable terms in clinical trial contracts or protocols with prospective clinical trial sites;
- (x) delay or failure to supply product for use in clinical trials which conforms to regulatory specification;
- (xi) unfavourable results from ongoing pre-clinical studies and clinical trials;
- (xii) failure of the Company's contract research organizations (CROs), or other third-party contractors to comply with all contractual requirements or to perform their services in a timely or acceptable manner;
- (xiii) failure by the Company, its employees, CROs or their employees to comply with all applicable regulatory requirements relating to the conduct of clinical trials or the handling, storage, security and recordkeeping for controlled substances;
- (xiv) scheduling conflicts with participating clinicians and clinical institutions; or
- (xv) failure to design appropriate clinical trial protocols; or regulatory concerns with cannabinoid products generally and the potential for abuse.

Any of the above could have a material adverse effect on the Company's business, results of operations and financial conditions.

In addition, even if the Company views the results of a clinical trial to be positive, the Food and Drug Administration or other regulatory authorities may disagree with the Company's interpretation of the data.

(c) **Risk of adverse events or other safety risks**

If any of the products arising from the clinical trials, prior to or after any approval for commercial sale, cause serious or unexpected side effects, or are associated with other safety risks such as misuse, abuse or diversion,

a number of potentially significant negative consequences could result, including:

- (i) regulatory authorities may interrupt, delay or halt clinical trials;
- (ii) regulatory authorities may withdraw their approval, require more onerous labelling statements for any product that is approved;
- (iii) the Company could be sued and held liable for harm caused to patients; or
- (iv) the Company's reputation may suffer.

The Company may voluntarily suspend or terminate the Company's clinical trials if at any time it believes that they present an unacceptable risk to participants or if preliminary data demonstrate that the Company's product candidates are unlikely to receive regulatory approval or unlikely to be successfully commercialised.

(d) **Loss of key relationships**

The medicinal cannabis industry is undergoing rapid growth and substantial change, which has resulted in increasing consolidation and formation of strategic relationships. The Company expects this consolidation and strategic partnering to continue. Acquisitions or other consolidating transactions could harm the Company in a number of ways, including:

- (i) the Company could lose strategic relationships if third parties with whom it has arrangements with (including the Complutense University Madrid in Spain and Curtin University, Telethon Kids Institute and CannPal Pty Ltd in Australia) are acquired by or enter into relationships with a competitor (which could cause the Company to lose access to distribution, content, technology and other resources);
- (ii) the relationship between the Company and such third parties may deteriorate and cause an adverse effect on the Company's business; and
- (iii) the Company's current competitors could become stronger, or new competitors could form, from consolidations.

Any of these events could put the Company at a competitive disadvantage, which could cause the Company to lose research facilities or access to technology. Consolidation could also force the Company to expend greater resources to meet new or additional competitive threats, which could also harm the Company's results.

(e) **Protection of proprietary technology**

The Company's success will depend, in part, on the Company's ability to obtain patents, protect its trade secrets and operate without infringing on the proprietary rights of others. The Company relies upon a combination of patents, trade secret protection (i.e., know how), and confidentiality agreements to protect the intellectual property.

If the Company fails to adequately protect its intellectual property, it may face competition from companies who attempt to create a generic product to compete with the Company's proposed products. The Company may also face competition from companies who develop a substantially similar product to one of the Company's proposed products.

Many companies have encountered significant problems in protecting and enforcing intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favour the enforcement of patents and other intellectual property rights, particularly those relating to pharmaceuticals, which could make it difficult for the Company to stop the infringement of its patents or marketing of competing products in violation of its proprietary rights generally. Proceedings to enforce intellectual property rights in foreign jurisdictions could result in substantial cost and divert the Company's efforts and attention from other aspects of its business.

Patents

The strengths of patents in the pharmaceutical field involve complex legal and scientific questions and can be uncertain. Where appropriate, the Company will seek patent protection for certain aspects of its products and technology. Filing, prosecuting and defending patents throughout the world would be prohibitively expensive, so the Company's policy is to patent commercially potential technology in jurisdictions with significant commercial opportunities. However, patent protection may not be available for some of the products or technology to be developed. If the Company must spend significant time and money protecting or enforcing its patents, designing around patents held by others or licensing, potentially for large fees, patents or other proprietary rights held by others, the Company's business, results of operations and financial condition may be harmed. The Company may not develop additional proprietary products that are patentable.

Furthermore, others may independently develop similar products, may duplicate the Company's products, or may design around the Company's patent rights. In addition, issued patents may be declared invalid.

Trade secrets

Trade secrets are difficult to protect. The Company relies in part on confidentiality agreements with its employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to protect its trade secrets and other proprietary information. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover the Company's trade secrets and proprietary information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of the Company's proprietary rights. Failure to obtain or maintain trade secret protection, or failure to adequately protect the Company's intellectual property, could enable competitors to develop generic products or use the Company's proprietary information to develop other products that compete with the Company's products or cause additional, material adverse effects upon the Company's business, results of operations and financial condition.

(f) **Additional Requirements for Capital**

The funds to be raised under the Zelda Placement and this Public Offer are considered sufficient to meet the immediate objectives of Zelda. Additional funding may be required in the event costs exceed the Zelda's estimates and to effectively implement its business and operations plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which Zelda may incur. If such events occur, additional funding will be required.

Following the Acquisition, the Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for Zelda's activities and future projects may result in delay and indefinite postponement of their activities and potential development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to Zelda and might involve substantial dilution to Shareholders.

(g) **Uncertainty of Future Profitability**

Zelda's business is currently focussed on designing a series of Phase 2-ready human clinical trials. To date, it has funded its activities principally through issuing securities and other capital raising activities.

Zelda's profitability will be impacted by its ability to successfully deliver a high level of service to any future potential research partners, its ability to execute its development and growth strategies, economic conditions in the markets in which it operates, competitive factors and regulatory developments. Accordingly, the extent of future profits, if any, and the time required to achieve a sustained profitability are uncertain. Moreover, the level of such profitability cannot be predicted.

6.3 Industry specific

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

The Company's operations are subject to a variety of laws, regulations and guidelines. The medicinal cannabis industry is evolving worldwide and in Australia and has been identified as possibly posing risks in relation to law enforcement and government regulation. It is likely that governments worldwide, including Australia, will continue to explore the benefits, risks, regulations and operations of companies involved in medicinal cannabis.

While to the knowledge of management, the Company is currently in compliance with all current laws, changes to laws and regulations due to matters beyond the control of the Company may cause adverse affects to its operations. The introduction of new legislation or amendments to existing legislation by governments, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial position and financial performance of the Company and its Shares. In addition there is a risk that legal action may be taken against the Company in relation to commercial, legal, regulatory or other matters.

(b) **Licensing and marketing risk**

The funds that have been raised by the Company may not be sufficient to enable the Company to realise the full potential of these clinical trials.

The Company's strategy is likely to be generating data packs in a form expected by regulators and the pharmaceutical industry and licensing these packs to licensees that are able to commercialise this information. The Company may seek to raise additional capital in the future if suitable licensees cannot be identified and the Company seeks to commercialise this information without licensees.

(c) **Product liability and uninsured risks**

Through its intended business, the Company will be exposed to potential product liability risks which are inherent in the research and development, manufacturing marketing and use of the products or products developed with future co-development alliance partners. It will be necessary to secure insurance to help manage such risks. The Company may not be able to maintain insurance for product or service liability on reasonable terms in the future and, in addition, the Company's insurance may not be sufficient to cover large claims, or the insurer could disclaim coverage on claims.

Although the Company endeavours to work to rigorous standards there is still the potential for the results to contain errors which may lead to unfavourable results. These errors could result in the loss of or delay in generating revenue, loss of market share, failure to achieve market acceptance, diversion of development resources, injury to the Company's reputation or increased insurance costs.

If the Company fails to meet its clients' expectations, the Company's reputation could suffer and it could be liable for damages.

Further, the Company is exposed to the risk of catastrophic loss to necessary laboratory equipment, computer equipment or other facilities which would have a serious impact on the Company's operations. The Company gives no assurance that all such risks will be adequately managed through its insurance policies to ensure that catastrophic loss does not have an adverse effect on its performance.

(d) **Unforeseen expenditure risk**

Although the Company is not aware of any additional expenditure requirements at the date of this Prospectus, if any unforeseen expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(e) **Management of growth**

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Acquisition. The capacity of the Company's management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

(f) **Additional Requirements for Capital**

The funds to be raised under the Public Offer are considered sufficient to meet the immediate objectives of the Company. Additional funding may be required in the event costs exceed the Company's estimates and to effectively implement the Company's business and operations plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur. If such events occur, additional funding will be required.

The Company may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for Zelda's activities and future projects may result in delay and indefinite postponement of their activities and potential development programmes. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to Zelda and might involve substantial dilution to Shareholders.

6.4 General risks

(a) Economic

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

(b) Management of Risk

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Acquisition. The capacity of the new management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

(c) Competition Risk

The industry in which the Company will be involved is subject to global competition. While the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, whose activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(d) Market Risk

Share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) commodity price fluctuations;

- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital; and
- (vii) terrorism and other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

6.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

7. ADDITIONAL INFORMATION

7.1 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 legal proceedings pending or threatened against the Company.

7.2 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.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, 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 stock 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 3 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 stock 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 the 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 the 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:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;

- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

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

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below:

Date	Description of Announcement
30/03/2017	Zelda Successfully Completes Capital Raising
28/03/2017	Trading Halt
27/03/2017	Zelda Enters Strategic Partnership with CannPal
23/03/2017	Clinical Trials to Commence in Chile
21/03/2017	New Licence Agreement
14/03/2017	Closure of Unmarketable Parcel Share Sale Facility
27/02/2017	Appendix 4D & FY17 Interim Financial Report
21/02/2017	Zelda Therapeutics to present activities update
8/02/2017	Investor Presentation
6/02/2017	Issue of Options under ESOP & Appendix 3B
31/01/2017	Quarterly Report and Appendix 4C
19/01/2017	Unmarketable Parcel Share Sale Facility
11/01/2017	Appendix 3B
11/01/2017	Release from escrow
11/01/2017	Details of Company Address
9/01/2017	Shareholder Update
20/12/2016	Zelda to Test Formulations Against Pancreatic Cancer
16/12/2016	Company Secretary Appointment
12/12/2016	Sleep Disorder Clinical Trials Update
5/12/2016	Collaboration Agreement with Telethon Kids Institute
30/11/2016	Significant Anti-Cancer Effect Observed in Studies
28/11/2016	Results of Meeting
25/11/2016	Becoming a substantial holder
25/11/2016	Change in substantial holding

Date	Description of Announcement
25/11/2016	Change in substantial holding
25/11/2016	Zelda expands its Intellectual Property portfolio
23/11/2016	Becoming a substantial holder
23/11/2016	OpenBriefing Recording with Dr Stewart Washer
22/11/2016	Investor Presentation
22/11/2016	Zelda Therapeutics Debuts on ASX
18/11/2016	Zelda Therapeutics Pty Ltd - 30 June 2016 Accounts
18/11/2016	Zelda Therapeutics Pty Ltd - 31 December 2015 Accounts
18/11/2016	Updated Pro-Forma Statement
18/11/2016	Updated Statement of Commitments
18/11/2016	Confirmations
18/11/2016	Securities trading policy
18/11/2016	Top 20 holders
18/11/2016	Capital Structure and Restricted Securities
18/11/2016	Constitution
18/11/2016	Distribution schedule
18/11/2016	Appendix 1A and Information Form and Checklist
18/11/2016	Pre-reinstatement disclosure
18/11/2016	Reinstatement to Official Quotation - 22 November 2016
18/11/2016	ASX Notice - Reinstatement to Official Quotation
17/11/2016	Initial Director's Interest Notice x 4
17/11/2016	Final Director's Interest Notice x 3
17/11/2016	Appendix 3B
15/11/2016	Successful \$4m Capital Raising
8/11/2016	Supplementary Prospectus
31/10/2016	Quarterly Activities Report
31/10/2016	Quarterly Cashflow Report
28/10/2016	Notice of Annual General Meeting/Proxy Form
26/10/2016	ASX Waiver Granted
12/10/2016	Consolidation Complete
12/10/2016	Supplementary Prospectus
26/09/2016	Appendix 4G
23/09/2016	Annual Report

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website

7.3 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the most recent dates of those sales were:

	Price	Date
Highest	\$0.105	27 March 2017
Lowest	\$0.026	25 January 2017
Last	\$0.088	31 March 2017

7.4 Details of substantial holders

Based on publicly available information as at 30 March 2017, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Jason Peterson ¹	80,292,388	12.00
Mara Gordon	79,642,326	11.90
Gemelli Nominees Pty Ltd ²	49,587,680	7.41

1. These Shares are held by various entities associated with Mr Peterson.

2. This entity is associated with Director, Harry Karelis.

7.5 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner or director, either to induce them to become, or to qualify them as, a Director or otherwise for services rendered by them or by the firm in connection with the formation or promotion of the Company or the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is set out in the table below.

Director	Shares	Options ⁴
Mara Gordon	79,642,326	Nil
Harry Karelis ¹	49,587,680	6,000,000
Stewart Washer ²	35,198,689	6,000,000
Jason Peterson ³	80,292,388	8,000,000

Notes

1. Harry Karelis holds shares and options directly through Gemelli Nominees Pty Ltd, a company of which Mr Karelis is a director;
2. Stewart Washer holds shares and options directly through Mal Washer Nominees Pty Ltd, a company of which Dr Washer is a director;
3. Jason Peterson holds shares and options directly through Mr J & Mrs L Peterson <J & L Peterson S/F A/C> and CPS Capital Group Pty Ltd, Celtic Capital Pty Ltd, Professional Payment Services Pty Ltd, a companies of which Mr Peterson is a director;
4. Options are exercisable at \$0.03125 on or before 17 November 2021.

Remuneration

The Directors shall be paid out of the funds of the Company by way of remuneration for their services as Directors such sum as may from time to time be determined by the Company in general meeting, to be divided among the Directors in such proportions as they shall from time to time agree or in default of agreement equally. The remuneration of the Directors shall not be increased except pursuant to a resolution passed at a general meeting of the Company where notice of the suggested increase shall have been given to Shareholders in the notice convening the meeting. Fees payable to non-Executive Directors shall be by a fixed sum and not by a commission or percentage of profits or operating revenue. Remuneration payable to Executive Directors shall not include a commission on or percentage of operating revenue. The remuneration of a Director shall be deemed to accrue from day to day.

The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$300,000 per annum.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

Director ¹	30 June 2016	30 June 2017
Harry Karelis	-	\$450,000 ²
Stewart Washer	-	\$385,000 ³
Jason Peterson	-	\$91,000 ⁴
Mara Gordon	-	\$36,000

Notes

1. The Directors were all appointed following the end of the 30 June 2016 financial year after the completion of the backdoor listing transaction.
2. Mr Karelis received a one-off success fee of \$150,000 upon re-instatement of official quotation.
3. This amount includes amounts paid to Dr Patty Washer for consultancy services related to Sleep Study Clinical Trials. Dr Patty Washer, is the wife of Director Dr Stewart Washer.
4. This amount includes amounts paid to CPS Capital for corporate advisory services provided to the Company. Mr Peterson is a Director of CPS Capital.

7.6 Interests of experts and advisers

Other than as 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 the 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.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$5,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$2,000 (excluding GST and disbursements) for legal services provided to the Company.

7.7 Consents

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

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

7.8 Estimated expenses of Offer

The total expenses of the Offer are estimated to be approximately \$9,600 as follows:

Expense	(\$)
ASIC Fees	2,350
ASX Fees	1,750
Legal Fees	5,000
Miscellaneous, printing and other expenses	500
Total	9,600

7.9 Electronic Prospectus

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please phone the Company on +61 8 6558 0886 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or Prospectus or any of those documents were incomplete or altered.

7.10 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing Share certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares issued to them under this

Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

7.11 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share Registry.


You can access, correct and update the personal information that we hold about you. Please contact the Company if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988 (Cth)* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

8. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Jason Peterson
Zelda Therapeutics Limited

9. DEFINITIONS

\$ means Australian dollars.

Applicant means an investor who applies for Shares pursuant to the Offer.

Application Form means an application form either attached to or accompanying this Prospectus.

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement Operating Rules means the settlement rules of the securities clearing house which operates CHES.

Board means the board of Directors unless the context indicates otherwise.

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.

Closing Date means the date specified in the timetable in Section 2.1 of this Prospectus (unless extended or brought forward).

Company means Zelda Therapeutics Limited (ACN 103 782 387).

Constitution means the constitution of the Company as at the date of this Prospectus.

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

Directors means the directors of the Company as at the date of this Prospectus.

Offer means the offer of Shares referred to in the "Details of the Offer" Section of this Prospectus.

Official Quotation means official quotation on ASX.

Opening Date means the opening date of the Offer as specified in the timetable set out in Section 2.1 of this Prospectus (unless varied).

Option means an option to acquire a Share.

Placement means the offer of 85,714,286 Shares at an issue price of \$0.07 to raise \$6,000,000 as announced to the ASX on 30 March 2017.

Prospectus means this prospectus.

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

Shareholder means a shareholder of the Company.

WST means western standard time as observed in Perth, Western Australia.