



Quarterly Activities Report **Quarter ended 31 December 2015**

CUDDINGWARRA – WESTERN AUSTRALIA

EL20/742 (100%)
PL20/2095 (100%)
PL20/2096 (100%)
EL20/833 (100%)

The four leases are located in the Cue Mineral Field near the historic Big Bell and Cuddingwarra mining centres. Three of the leases are contiguous being E20/742 and P20/2095 and 2096. This project area is referred to as Milly Bore. EL20/833 is situated to the NW of Milly Bore and is referred to as the Berring Pool project.

The Milly Bore project is situated immediately to the north of the Cuddingwarra Mining Centre. Gold mineralisation is common in the area and there are numerous historical workings. The principal deposits are Black Swan, Black Swan South, Golden Gate, Chieftain and Rheingold.

The Berring Pool project is adjacent to the Big Bell-Coodardy gold trend that is interpreted to be on the northern margin of the lease.

Milly Bore

The project covers an area of approximately 100km² and is situated within the Archaean Meekatharra-Wyldge Greenstone Belt. The greenstone belt is comprised of thick sequences of basalt and mafic rock with banded iron formation, ultramafic, felsic volcanic and volcanoclastic rocks. Felsic porphyries and granitoids have intruded the greenstones.

Numerous gold occurrences occur immediately to the south of Milly Bore at the Cuddingwarra Mining Centre and further south at the Golden Crown – Cue mining camp.

Gold was discovered at Cuddingwarra in the early 1890's, and produced an estimated 62,000 ounces from underground mining. The Victory United/Fortune of War underground mine, which developed a single quartz vein/shear for 30,000 ounces at an approximate grade of 45g/t Au illustrates the potential of the area. Modern day open cut mining was undertaken from 2000 to 2007 by Normandy and Harmony Gold. Principal open cuts were Black Swan, Golden Gate, Chieftain and Rheingold.

The project has seen limited exploration by previous operators although it is adjacent and along strike from the active Cuddingwarra mining centre. This has been due to in part the interpretation of the area being under significant transported cover making the exploration difficult and expensive. Gleneagle consider the cover to be the reason for the lack of exploration success and as such is an opportunity for dedicated exploration.

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Berring Pool

The project covers an area of approximately 16km² and is also situated within the Archaean Meekatharra-Wyldgee Greenstone Belt.

Work Undertaken

Surface sampling, data validation and mapping on P20/2096 and 2096 was completed during the quarter. Samples, including from E20/742, have been submitted for analysis.

CORPORATE

Acquisition of Zelda Therapeutics Pty Ltd

On 9 December 2015, the Company announced that it had entered into a binding heads of agreement (**Heads of Agreement**) in relation to the acquisition of all of the shares in unlisted Australian company Zelda Therapeutics Pty Ltd (**Zelda**) (**Proposed Acquisition**).

Zelda is a Perth-based biotechnology company that has secured exclusive, global access to an extensive set of human data related to medicinal cannabis based formulations and treatment protocols. This human data has been generated over several years by a California-based group, Caziwell Inc., which operates the *Aunt Zelda's* group. *Aunt Zelda's* has a very high profile within the USA and a growing international profile based upon its deep knowledge of the scientific rationale for certain cannabis-based formulations and protocols to treat a variety of medical conditions.

Zelda has been granted a worldwide, exclusive and perpetual licence to this data, related systems, formulations and treatment protocols.

Zelda will use this information to design a series of Phase 2-ready human clinical trials that have a strong probability of success given the existing patient data and experiences it has access to.

Conditions Precedent

Completion of the Proposed Acquisition is subject to and conditional upon a number of conditions precedent, including:

- (a) satisfaction of all necessary due diligence investigations by the parties;
- (b) each of the shareholders of Zelda entering into a binding share sale agreement with Gleneagle on terms consistent with the provisions of the Heads of Agreement and otherwise acceptable to Gleneagle;
- (c) Gleneagle receiving conditional approval by ASX to reinstate its securities and those conditions being satisfied to the reasonable satisfaction of Gleneagle and Zelda;
- (d) Gleneagle undertaking a capital raising to raise at least \$3 million or such other minimum amount as agreed between the parties provided that such minimum amount will be sufficient to satisfy any conditions imposed by ASX as contemplated under clause (c) above (**Capital Raising**);
- (e) if required, Gleneagle undertaking a consolidation of its issued share capital; and

- (f) Gleneagle holding a meeting of Gleneagle shareholders to obtain all approvals under the Corporations Act and the Listing Rules that are required to give effect to the transactions contemplated by the Heads of Agreement.

Consideration

Subject to satisfaction of the conditions precedent, at completion, Gleneagle will issue the following securities (on a pre-consolidation basis):

- (a) 1,600,000,000 Shares at a deemed issue price of A\$0.005 each to Zelda shareholders on a pro rata basis;
- (b) 80,000,000 Shares and 100,000,000 options to acquire Shares, each exercisable at a price equal to the issue price under the Capital Raising on or before the date that is 5 years after the date of issue (**Options**) in consideration for professional services to be provided to Gleneagle in connection with the Proposed Acquisition; and
- (c) 100,000,000 Options to the existing Gleneagle officers in consideration for past and future services to be provided to Gleneagle.

In consideration for the entry into of the Heads of Agreement, Gleneagle has paid an option fee of \$250,000 to Zelda, which fee is refundable in certain circumstances.

Since the Proposed Acquisition will result in a significant change to the nature and scale of Gleneagle's activities, the Proposed Acquisition will require Gleneagle shareholders' approval under ASX Listing Rule 11.1.2 and will also require Gleneagle to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

W Loxton
Director

Tenement Interests as at 31 December 2015

WESTERN AUSTRALIA

Cuddingwarra Project - Gold

Tenement	Status	Interest at beginning of quarter (%)	Interests relinquished, reduced or lapsed (%)	Interests acquired or increased (%)	Interest at end of quarter (%)
EL20/742	Granted	100	-	-	100
PL20/2095	Granted	100	-	-	100
PL20/2086	Granted	100	-	-	100
ELA20/833	Granted	100	-	-	100