



(TO BE RENAMED ZELDA THERAPEUTICS LIMITED)

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

TIME: 10:00am (WST)

DATE: 25 July 2016

PLACE: CPS Capital
Boardroom
Level 45
108 St Georges Terrace
Perth WA 6008

The Independent Expert's Report is attached to this Notice of General Meeting at Attachment A. The report concludes that the transaction the subject of Resolution 4 in this Notice of Meeting is fair and reasonable to the Company's non-associated Shareholders, for the reasons set out in the report.

This Notice of General Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

Should you wish to discuss the matters in this Notice of General Meeting please do not hesitate to contact the Company Secretary on +61 8 6268 2622.

CONTENTS PAGE

NOTICE OF GENERAL MEETING	1
EXPLANATORY STATEMENT	14
GLOSSARY	61
SCHEDULE 1 – TERMS OF OPTIONS	64
SCHEDULE 2 – SUMMARY OF MATERIAL PROPOSED CHANGES TO THE CONSTITUTION	65
SCHEDULE 3 – SUMMARY OF TERMS OF EMPLOYEE SHARE OPTION PLAN	70
PROXY FORM	72
CORPORATE REPRESENTATIVE APPOINTMENT FORM	76
ATTACHMENT A – INDEPENDENT EXPERT’S REPORT	77

CRITICAL DATES FOR SHAREHOLDERS

Event	Date
Announce Proposed Transaction	9 December 2015
Dispatch Notice of General Meeting to Shareholders	21 June 2016
Cut off for lodging proxy form for General Meeting	23 July 2016
Snapshot date for eligibility to vote at General Meeting	23 July 2016
Suspension of Gleneagle securities from trading on ASX at opening of trading	25 July 2016
Hold General Meeting	25 July 2016

Notes:

1. The above timetable is indicative only, assumes that all conditions to the Share Purchase Agreements can be satisfied without delay and may be varied by the Company in consultation with the ASX. Any changes will be released to the ASX.
2. Trading in securities will only be reinstated by ASX after the Company has completed the Acquisition and the Company has complied with Chapters 1 and 2 of the Listing Rules. The Company will endeavour to minimise the period of suspension.

TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10:00am (WST) on Monday 25 July 2016 at:

**CPS Capital
Boardroom
Level 45
108 St Georges Terrace
Perth WA 6008**

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return:

- In person at:
Gleneagle Gold Limited
C/- Westar Capital Limited
Level 4
216 St Georges Terrace
Perth WA 6000
- By post to:
Gleneagle Gold Limited
C/- Westar Capital Limited
PO Box 7315
Perth WA 6850
- By facsimile to: (08) 6268 2699
- By scan and email to: njb@westarcapital.com.au

Please note that the Proxy Form must be received by the Company not later than **10:00 am (WST)** on **23 July 2016**.

Proxy Forms received later than this time will be invalid.

ENTITLEMENT TO ATTEND AND VOTE

The Company may specify a time, not more than 48 hours before the Meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the General Meeting.

The Company’s Directors have determined that all Shares of the Company that are quoted on ASX at 10:00am (WST) on 23 July 2016 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

CHAIRMAN'S LETTER

Dear Shareholder

I have the pleasure in presenting what the Board of Directors believe is an exciting opportunity for our Company.

The Company is proposing to acquire all of the issued capital in Zelda Therapeutics Pty Ltd (ACN 607 538 876) (**Zelda**) pursuant to the Heads of Agreement.

Zelda is a biotechnology company that was spun out of a successful US-based medicinal cannabis group - *Aunt Zelda's* - that has treated hundreds of patients in California. Zelda has 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 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 by the *Aunt Zelda's* group.

Zelda will use this information to design a series of Phase 2-ready human clinical trials that have a high probability of success given the existing patient experiences and treatment outcomes

The combination of intellectual property, human resources as well as a pipeline of Phase 2-ready clinical trials positions Zelda as one of only a very few companies globally providing Shareholders with significant potential for value creation.

The Company's objective on successful acquisition of Zelda is to:

- expand the management team;
- continue pre-clinical research and development activities in Spain and eventually Australia; and
- plan and fund the commencement of human clinical trials in Canada and eventually Australia.

Further details in respect of Zelda and its business are set out in Section 1.4

The Acquisition is subject to the satisfaction of a number of conditions, including approval from Shareholders as to the matters being sought at this General Meeting. Upon satisfaction of all conditions, the Company will acquire 100% of Zelda and change its name to "Zelda Therapeutics Limited".

The Directors believe that this acquisition provides existing and new shareholders with the ability to gain exposure to one of the world's fastest growing industries providing potential for future value creation.

I ask that you read the Notice of General Meeting and attached Explanatory Statement carefully, and trust that you will agree with the Board that this represents an outstanding opportunity for the Company.

Yours sincerely

Wayne Loxton
Chairman

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of the Shareholders of Gleneagle Gold Limited (to be renamed Zelda Therapeutics Limited) (**Gleneagle** or the **Company**) will be held at CPS Capital, Level 45, 108 St Georges Terrace, Perth, Western Australia 6008 on Monday 25 July 2016 commencing at 10:00am (WST) to consider, and if thought fit, to pass the Resolutions set out below.

Terms used in this Notice of General Meeting and accompanying Explanatory Statement are defined in the glossary to this document.

The Explanatory Statement which accompanies and forms part of this Notice of General Meeting describes the matters to be considered at the General Meeting.

1. RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 11.1 and all other purposes, approval be and is hereby given for the Company:

- (a) *to make a significant change to the nature and scale of its activities as set out in the Explanatory Statement; and*
- (b) *to issue Shares upon re-compliance with the Listing Rules at an issue price not less than \$0.025 per Share (on a Post-Consolidation basis).*

Voting exclusion: The Company will disregard any votes cast on Resolution 1 by any person who might obtain a benefit if Resolution 1 is passed (except a benefit solely in the capacity of a holder of ordinary securities), and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 1 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chair of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. RESOLUTION 2 – CONSOLIDATION

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

“That, subject to the passing of other Transaction Resolutions, for the purpose of section 254H(1) of the Corporations Act and for all other purposes, the Shares of the Company be consolidated through the conversion of every five (5) Shares held by a Shareholder into one (1) Share with any resulting fractions of a Share rounded to the nearest whole number of Shares with a corresponding consolidation of all other securities on issue, with the consolidation to take effect on the Effective Date and otherwise on the terms and conditions set out in the Explanatory Statement that forms part of this Notice.

3. RESOLUTION 3 – APPROVAL OF CONSIDERATION SHARES TO ZELDA SHAREHOLDERS

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of

up to 320,000,000 Consideration Shares (on Post-Consolidation basis) at a deemed issue price of \$0.025 each to the Zelda Shareholders (or their nominees) in consideration for the acquisition by the Company of 100% of the issued capital in Zelda Therapeutics Pty Ltd on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 3 by any person who may participate in the proposed issue and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 3 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chair of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. **RESOLUTION 4 – APPROVAL OF ACQUISITION OF PETERSON INTEREST FROM MR JASON PETERSON**

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 10.1, and for all other purposes, approval is given to the Company to purchase all of the 16,467,066 fully paid ordinary shares in Zelda Therapeutics Pty Ltd held by Mr Jason Peterson, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 4 by a party to the transaction (being Mr Jason Peterson) and any person associated with Mr Peterson. However, the Company will not disregard any votes cast on Resolution 4 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chair of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by RSM Corporate Australia Pty Ltd for the purposes of shareholder approval required under Listing Rule 10.1 for this Resolution 4. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of Resolution 4 to the non-associated shareholders of the Company. The Independent Expert has determined that the transaction the subject of Resolution 4 is fair and reasonable to the non-associated shareholders of the Company.

5. **RESOLUTION 5 – APPROVAL OF CONVERSION SHARES TO ZELDA NOTEHOLDERS**

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of up to 52,500,000 Conversion Shares (on a Post-Consolidation basis) at a deemed issue price of \$0.02 each on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 5 by any person who may participate in the proposed issue and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the

Resolution is passed, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 5 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chair of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. RESOLUTION 6 – APPROVAL OF SHARES FOR THE EQUITY RAISING

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of a up to a maximum of 160,000,000 Shares (on a Post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 6 by any person who may participate in the proposed issue and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 6 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chair of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – CHANGE OF COMPANY NAME

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

That, subject to the passing of the other Transaction Resolutions, and for the purposes of section 157(1)(a) of the Corporations Act, and for all other purposes, the name of the Company be changed from 'Gleneagle Gold Limited' to 'Zelda Therapeutics Limited', with effect on and from completion of the Proposed Transaction.

8. RESOLUTION 8 – REPLACEMENT OF CONSTITUTION

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

"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new Constitution in its place in the form as signed by the Chair of the Meeting for identification purposes."

9. RESOLUTION 9 – ELECTION OF MR HARRY KARELIS AS A DIRECTOR

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

That, subject to the passing of the other Transaction Resolutions, Mr Harry Karelis be appointed as a Director with effect upon completion of the Proposed Transaction.

10. RESOLUTION 10 – ELECTION OF MR JASON PETERSON AS A DIRECTOR

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

That, subject to the passing of the other Transaction Resolutions, Mr Jason Peterson be appointed as a Director with effect upon completion of the Proposed Transaction.

11. RESOLUTION 11 – ELECTION OF DR STEWART WASHER AS A DIRECTOR

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

That, subject to the passing of the other Transaction Resolutions, Dr Stewart Washer be appointed as a Director with effect upon completion of the Proposed Transaction.

12. RESOLUTION 12 – ELECTION OF MS MARA GORDON AS A DIRECTOR

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

That, subject to the passing of the other Transaction Resolutions, Ms Mara Gordon be appointed as a Director with effect upon completion of the Proposed Transaction.

13. RESOLUTION 13 – APPROVAL OF ADVISORY SHARES

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 16,000,000 Shares (on a Post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 13 by any person who may participate in the proposed issue and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 13 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chair of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

14. RESOLUTION 14 – APPROVAL OF EXECUTIVE OPTIONS TO HARRY KARELIS

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 7.1, section 208 of the Corporations Act, and for all other purposes, Shareholders approve the issue of up to 6,000,000 Options (on a Post-Consolidation basis), to Mr Harry Karelis (or his nominee), on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 14 by any person who may participate in the proposed issue and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 14 by such person if:

- (a) it is cast by a person as a proxy, appointed in writing that specifies how the Proxy is to vote on the Resolution, for a person who is entitled to vote, and it is not cast on behalf of Mr Karelis and any associate of Mr Karelis; or
- (b) it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

15. RESOLUTION 15 – APPROVAL OF EXECUTIVE OPTIONS TO JASON PETERSON

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 7.1, section 208 of the Corporations Act, and for all other purposes, Shareholders approve the issue of up to 8,000,000 Options (on a Post-Consolidation basis), to Mr Jason Peterson (or his nominee), on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 15 by any person who may participate in the proposed issue and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 15 by such person if:

- (a) it is cast by a person as a proxy, appointed in writing that specifies how the Proxy is to vote on the Resolution, for a person who is entitled to vote, and it is not cast on behalf of Mr Peterson and any associate of Mr Peterson; or
- (b) it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

16. RESOLUTION 16 – APPROVAL OF EXECUTIVE OPTIONS TO STEWART WASHER

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 7.1, section 208 of the Corporations Act, and for all other purposes, Shareholders approve the issue of up to 6,000,000 Options (on a Post-Consolidation basis), to Mr Stewart Washer (or his nominee), on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 16 by any person who may participate in the proposed issue and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 16 by such person if:

- (a) it is cast by a person as a proxy, appointed in writing that specifies how the Proxy is to vote on the Resolution, for a person who is entitled to vote, and it is not cast on behalf of Dr Washer and any associate of Dr Washer; or

- (b) it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

17. RESOLUTION 17 – APPROVAL OF EXECUTIVE OPTIONS TO GABRIEL CHIAPPINI

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 3,000,000 Options (on a Post-Consolidation basis), to Mr Gabriel Chiappini (or his nominee), on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 17 by any person who may participate in the proposed issue and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 17 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chair of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

18. RESOLUTION 18 – APPROVAL TO ISSUE MANAGEMENT OPTIONS TO MR IAN LOVE

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 10.11, section 195(4) and section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of 5,000,000 Options (on a Post-Consolidation basis), to Mr Ian Love (or his nominee) for the purpose and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 18 by Mr Ian Love, a person who is to receive securities in relation to the Company, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 18 by such person if:

- (a) it is cast by a person as a proxy, appointed in writing that specifies how the Proxy is to vote on the Resolution, for a person who is entitled to vote, and it is not cast on behalf of Mr Ian Love and any associate of Mr Love; or
- (b) it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Company will also disregard any votes cast on Resolution 18 by any member of the Key Management Personnel of the Company, or a closely related party of such member, acting as proxy if their appointment does not specify the way the proxy is to vote on Resolution 18. However, the Company will not disregard any votes cast on Resolution 18 by such person if:

- (a) the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair of the Meeting voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though

Resolution 18 is connected with the remuneration of the Key Management Personnel of the Company.

19. RESOLUTION 19 – APPROVAL TO ISSUE MANAGEMENT OPTIONS TO MR WAYNE LOXTON

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 10.11, section 195(4) and section 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of 5,000,000 Options (on a Post-Consolidation basis), to Mr Wayne Loxton (or his nominee) for the purpose and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 19 by Mr Wayne Loxton, a person who is to receive securities in relation to the Company, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 19 by such person if:

- (a) it is cast by a person as a proxy, appointed in writing that specifies how the Proxy is to vote on the Resolution, for a person who is entitled to vote, and it is not cast on behalf of Mr Wayne Loxton and any associate of Mr Loxton; or
- (b) it is cast by a person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Company will also disregard any votes cast on Resolution 19 by any member of the Key Management Personnel of the Company, or a closely related party of such member, acting as proxy if their appointment does not specify the way the proxy is to vote on Resolution 19. However, the Company will not disregard any votes cast on Resolution 19 by such person if:

- (a) the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair of the Meeting voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolution 19 is connected with the remuneration of the Key Management Personnel of the Company.

20. RESOLUTION 20– APPROVAL TO ISSUE MANAGEMENT OPTIONS TO MR NEVILLE BASSETT

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 5,000,000 Options (on a Post-Consolidation basis), to Mr Neville Bassett (or his nominee) for the purpose and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 20 by any person who may participate in the proposed issue and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 20 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

- (b) the person is the Chair of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Company will also disregard any votes cast on Resolution 20 by any member of the Key Management Personnel of the Company, or a closely related party of such member, acting as proxy if their appointment does not specify the way the proxy is to vote on Resolution 20. However, the Company will not disregard any votes cast on Resolution 20 by such person if:

- (c) the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (d) the person is the Chair of the Meeting voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolution 20 is connected with the remuneration of the Key Management Personnel of the Company.

21. RESOLUTION 21 – APPROVAL TO ISSUE MERCHANT OPTIONS

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

That, subject to the passing of the Transaction Resolutions, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of 2,000,000 Options (on a Post-Consolidation basis, to Merchant Funds Management Pty Ltd (or its nominee), for the purpose and on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 21 by any person who may participate in the proposed issue and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary securities) if the Resolution is passed, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 21 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chair of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

22. RESOLUTION 22 – PARTICIPATION IN EQUITY RAISING BY DIRECTOR - MR IAN LOVE

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

That, subject to the passing of the Transaction Resolutions, for the purposes of Listing Rule 10.11 and section 195(4) of the Corporation Act, and for all other purposes, Shareholders approve, the issue of Shares under the Equity Raising to be subscribed for by Mr Ian Love (or his nominee), at the issue price set out in the Explanatory Statement and otherwise up to a maximum value of \$100,000, to Mr Ian Love (or his nominee), for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 22 by Mr Love, a person who is to receive securities in relation to the Company, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 22 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or

- (b) the person is the Chair of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

23. RESOLUTION 23 – PARTICIPATION IN EQUITY RAISING BY DIRECTOR - MR WAYNE LOXTON

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

That, subject to the passing of the Transaction Resolutions, for the purposes of Listing Rule 10.11 and section 195(4) of the Corporations Act, and for all other purposes, Shareholders approve, the issue of Shares under the Equity Raising to be subscribed for by Mr Wayne Loxton (or his nominee), at the issue price set out in the Explanatory Statement and otherwise up to a maximum value of \$100,000, to Mr Wayne Loxton (or his nominee), for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 23 by Mr Loxton, a person who is to receive securities in relation to the Company, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 23 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chair of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

24. RESOLUTION 24 – PARTICIPATION IN EQUITY RAISING BY DIRECTOR - MR LEON DAVIES

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

That, subject to the passing of the Transaction Resolutions, for the purposes of Listing Rule 10.11 and section 195(4) of the Corporations Act, and for all other purposes, Shareholders approve, the issue of Shares under the Equity Raising to be subscribed for by Mr Leon Davies (or his nominee), at the issue price set out in the Explanatory Statement and otherwise up to a maximum value of \$100,000, to Mr Leon Davies (or his nominee), for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 24 by Mr Davies, a person who is to receive securities in relation to the Company, and any person associated with those persons. However, the Company will not disregard any votes cast on Resolution 24 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chair of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

25. RESOLUTION 25 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN

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

That, subject to the passing of the Transaction Resolutions, for the purpose of Listing Rule 7.2 Exception 9(b), sections 200B and 200E of the Corporations Act

and for all other purposes, Shareholders approve the employee incentive scheme known as the "Zelda Therapeutics Limited Employee Share Option Plan", a summary of which is set out in the Explanatory Statement accompanying this Notice of General Meeting, and the issue of securities there under as an exception to Listing Rule 7.1.

Voting exclusion: The Company will disregard any votes cast on Resolution 25 by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any person associated with that Director. However, the Company will not disregard any votes cast on Resolution 25 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chair of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

The Company will disregard any votes cast on Resolution 25 by any member of the Key Management Personnel of the Company, or a closely related party of such member, acting as proxy if their appointment does not specify the way the proxy is to vote on Resolution 25. However, the Company will not disregard any votes cast on Resolution 25 by such person if:

- (c) the Proxy Form specifies how the proxy is to vote on the Resolution, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (d) the person is the Chair of the Meeting voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy even though Resolution 25 is connected with the remuneration of the Key Management Personnel of the Company.

If you are a member of the Key Management Personnel of the Company or a closely related party of such person (or are acting on behalf of any such person) and purport to cast a vote (other than as a proxy as permitted in the manner set out above), that vote will be disregarded by the Company (as indicated above) and you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

26. RESOLUTION 26 – RATIFICATION OF PREVIOUS SECURITIES ISSUE

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

That, for the purpose of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the issue of 72,000,000 Shares in the Company (on a pre-Consolidation basis) to the parties, for the purpose and on the terms set out in the Explanatory Statement accompanying this Notice of General Meeting.

Voting exclusion: The Company will disregard any votes cast on Resolution 26 by any person who participated in the issue and any person associated with that person. However, the Company will not disregard any votes cast on Resolution 26 by such person if:

- (a) the person is acting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the person is the Chair of the Meeting acting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

PROXY VOTES

Please note that:

- (a) a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a Shareholder; and
- (c) a Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. An appointment of corporate representative form is enclosed if required.

ENQUIRIES

Shareholders are invited to contact the Company Secretary, Mr Neville Bassett on +61 8 6268 2622 if they have any queries in respect of the matters set out in this document.

BY ORDER OF THE BOARD OF DIRECTORS



Neville Bassett
Company Secretary

9 June 2016

The Notice of General Meeting, Explanatory Statement and Proxy Form should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting to be held at 10:00am (WST) on Monday 25 July 2016 at CPS Capital, Level 45, 108 St Georges Terrace, Perth, Western Australia 6008.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting preceding this Explanatory Statement. Capitalised terms in this Explanatory Statement are defined in the glossary to this document.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice of General Meeting, please contact the Company Secretary, your stockbroker or other professional adviser.

1. BACKGROUND TO RESOLUTIONS

1.1 Background on the Company

Gleneagle is an Australian public company listed on the official list of the ASX (ASX code GLN). GLN's current business activities involve the identification and evaluation of potential mineral exploration and mining projects. GLN currently holds interests in two gold exploration licences (E20/742 and E20/833) and two gold prospecting licences (P20/2095 and P20/2096) which are located in the Cue Mineral Field, Western Australia.

GLN has been seeking further investment opportunities. As announced to the ASX on 16 March 2015, GLN entered into a non-binding term sheet to merge with unlisted Australian company Myostin Therapeutics Pty Ltd, a company involved in the development of a therapeutic for Duchenne Muscular Dystrophy and potentially other muscle-wasting conditions.

On 1 September 2015, the Company further announced that it had decided not to proceed with the merger due to market conditions and that the Company would continue to assess new project opportunities outside of its existing principal activity of mineral exploration.

1.2 Background on the Acquisition

Zelda is a company incorporated in Australia. Further details regarding Zelda are set out in Section 1.4. Zelda currently has a total of 100,449,102 ordinary shares on issue and 35 shareholders (**Zelda Shareholders**).

As announced to the ASX on 9 December 2015, Gleneagle and Zelda have entered into a binding heads of agreement (**Heads of Agreement**) under which Gleneagle has agreed to acquire, subject to the satisfaction of certain conditions precedent, 100% of the issued share capital of Zelda, in consideration for Gleneagle issuing a total of 1,600,000,000 Shares at a deemed issue price of A\$0.005 per share (on a pre-Consolidated basis) to the Zelda Shareholders (**Acquisition**).

The Heads of Agreement is subject to a number of conditions, as set out in Section 1.7(a), including the condition that Gleneagle obtains all necessary shareholder approvals required under the Listing Rules and the Corporations Act for the Proposed Transaction to proceed, and Gleneagle re-complying with Chapters 1 and 2 of the Listing Rules for the purposes of re-capitalising the Company and making an application for re-instatement of the Company's Shares to trading on the ASX.

Accordingly, the purpose of the Transaction Resolutions is to obtain Shareholder approval to enable the Company to proceed with the Proposed Transaction and to enable the Company to be re-instated to trading on the ASX in satisfaction of the above conditions.

1.3 Overview of the medicinal cannabis industry

Overview

Global momentum around the use of cannabis for the treatment of numerous medical conditions continues to grow, with many jurisdictions around the world now having passed legislation to provide a framework for patient access.

Additionally, increasing public pressure is being placed on governments to change legislation in countries where medical cannabis legislation is still relatively restricted or improve the existing regulations to make patient access simpler and safer.

As a result of this public pressure several other countries, including Australia, have legislation pending that suggests that the global, legal market for medical cannabis use will only expand over coming years with increasing research and awareness of the benefits of cannabinoid-based medicines.

The development of the global medical cannabis sector gained significant attention throughout 2013 and onwards, predominantly due to changes in the US localised state law, with Colorado and Washington permitting recreational usage, and Uruguay legalising use on a national level.

In February 2016, the Australian Parliament passed the *Narcotic Drugs Amendment Bill 2016* which amends the *Narcotic Drugs Act 1967* to provide the legislative framework to establish licensing and permit schemes for the cultivation and production of cannabis and cannabis resin for medicinal and scientific purposes and provision of cannabis-based medicines to patients.

The impact of legislative changes is sparking the emergence of a new frontier industry with numerous business opportunities throughout the cannabis “ecosystem”.

Cannabis Background

The use of cannabis for medical (as opposed to recreational purposes) refers to the use of cannabis and its constituent cannabinoids, such as delta-9-tetrahydrocannabinol (THC) and cannabidiol (CBD), as medical therapy to treat disease or alleviate symptoms.

The cannabis plant has a long history of medicinal use dating back thousands of years and features in many traditional medicines across many cultures.

In recent times, the scientific community has begun to better understand its biochemical effects and in 1992 a team led by Professor Raphael Mechoulam discovered the endocannabinoid system in humans and specific receptors that certain cannabinoids bind to – namely the Cannabinoid Receptor 1 (CB1) and Cannabinoid Receptor 2 (CB2).

These pathways form the basis for the medical effect of cannabinoids in humans.

Different cannabinoids have different effects and their concentrations and ratios between key cannabinoids such as THC and CBD determine which receptors are activated and therefore which biochemical pathways are switched on or switched off. Furthermore, there is evidence of an “entourage” effect in that full extract cannabis oils containing naturally occurring mixtures of cannabinoids, terpenes and flavonoids has a more pronounced medical effect than the use of pure cannabinoids either individually or in mixtures.

This interaction with the endocannabinoid system is the cornerstone of cannabis as a medicine.

Several cannabis-based therapeutics have been approved for legal prescription including synthetic cannabinoids such as Marinol (appetite stimulant) and Nabilone (pain) as well as naturally-derived Sativex (oral spray for the treatment of spasticity in multiple sclerosis).

While these synthetic forms and purified mixtures (in the case of Sativex) do have some efficacy, research shows that herbal cannabis contains a far wider variety of therapeutic compounds and benefits from the “entourage” effect.

Knowledge of the correct formulations, and more importantly the protocols (that is, what to administer and when and in what dosage), is a key determinant in the clinical effectiveness of cannabis as a medicine.

Delivery Methods

Medical cannabis can be administered using a variety of methods including:

- Topically through the skin in the form of a cream or lotion.
- Extracting oils and administering these orally either sub-lingually (under the tongue), as an oromucosal spray, in capsule form or incorporated into food products.
- Smoking or vaporising dried flower buds or oils which are rich in cannabinoids.

Diseases

It is widely accepted that medical cannabis can be effective in providing relief from a range of ailments including:

- Spasticity in Multiple Sclerosis
- Chemotherapy-induced nausea, vomiting and anorexia
- Chronic neuropathic pain
- Wasting Syndrome
- Assists in treating symptoms of HIV/AIDS
- Insomnia
- Epilepsy/Seizures
- Certain cancers

Legal Position of Medical Cannabis

Global momentum around the use of cannabis for the treatment of numerous medical conditions continues to grow with many jurisdictions around the world now having passed legislation to provide a framework for patient access.

This trend is expected to continue and as such the pool of patients globally that will be able to access medicinal cannabis treatments is also expected to continue to grow over time.

(a) Australia

In February 2016, the Australian Parliament passed the *Narcotic Drugs Amendment Bill 2016* which amends the *Narcotic Drugs Act 1967* which provides the legislative framework to establish licensing and permit schemes for the cultivation and production of cannabis and cannabis resin for medicinal and scientific purposes and provision of cannabis-based medicines to patients. The government has indicated that the necessary oversight structures will be in place within 12 months providing some guidance as to when medical patients in Australia will be able to legally source cannabis-based medicines.

(b) United States of America

Currently, the use of medicinal cannabis is legal in 24 states, of which California, with over 500,000 registered patients is the largest. Twelve states have passed, or are about to pass CBD-only medical cannabis regulations.

Medicinal cannabis remains illegal at the federal level although Senate legislation has recently passed shielding medical cannabis patients from federal prosecution in states that have legalised cannabis for medical purposes. Other pending legislation is calling to reclassify cannabis from a Schedule I drug, which has no medical benefit and includes recreational drugs such as heroin and LSD, to a Schedule II drug, which has an accepted medical use. Should this reclassification be enacted then it is believed that steps will be taken to amend the federal restrictions currently in place which should result in more positive momentum to the growth in demand for medicinal cannabis based treatments across the USA.

(c) Canada

The Marijuana for Medical Purposes Regulations (MMPR) took effect in April 2014 and essentially overhauled the previous regulations around medical marijuana. In essence, the MMPR facilitates production of marijuana by commercial producers who must comply with strict safety and quality demands. It also streamlines the application process for patients who need a prescription from a health care practitioner. As at the date of this Notice of Meeting, a total of 31 licenses have been issued to commercial producers.

(d) Europe

Europe is a small but growing market and is currently served primarily by the Dutch company Bedrocan.

The countries with the most advanced regulatory interest in medicinal cannabis are Belgium, Croatia, Czech Republic, Estonia, Finland, France, Italy, Netherlands, Portugal, Spain, Romania and Switzerland. In May 2016, Germany announced it would pass legislation in 2017 legalising medicinal cannabis.

(e) Israel

Israel is the third country, after Holland and Canada, to launch a national medical cannabis program and is considered a world leader in medical cannabis research.

The pioneer for this research is Professor Raphael Mechoulam, an Israeli organic chemist and Professor of Medicinal Chemistry at the Hebrew University of Jerusalem in Israel. Professor Mechoulam and his team conducted the research that discovered, isolated and determined the structure and total synthesis of THC, the main active component of cannabis as well as the isolation and identification of the endogenous cannabinoids anandamide from the brain and 2-arachidonoyl glycerol (2-AG) from peripheral organs.

In 2007, the Ministry of Health awarded the first commercial growers licence which allowed for the production of 50 plants.

The medical grade cannabis is grown in well secured compounds designed to meet strict police instructions and security guidelines.

The number of patients being prescribed medical cannabis is growing steadily and is currently estimated at 23,000 as are the number of specialists authorised to issue such prescriptions.

(f) Uruguay

Uruguay enacted national legislation in December 2013 whereby individuals are allowed to grow up to six plants or as much as 480 grams per year. Groups of 15-45 members are allowed to grow up to 99 plants per year. Producers may consume their own cannabis or sell it but all sales must be through the state-run pharmacies for tracking purposes.

1.4 Background on Zelda

Zelda was established in August 2015 as a special purpose vehicle that has secured an exclusive, global licence to a set of human data relating to patients being treated with cannabinoid-based medicines. This data has been generated by a Californian group, Caziwell Inc, incorporating the activities of a mutual benefit corporation - Aunt Zelda's Inc. (AZ). AZ has over the past few years formulated bespoke medical-cannabis based formulations and protocols to treat a range of illnesses in hundreds of patients. The results of these treatments have been recorded to form an extensive database of information (**AZ Data Set**).

The focus of Zelda is to design certain human clinical trials leveraging the already existing anecdotal patient data. That is, AZ's formulations and protocols have already been shown to have benefit in human patients significantly improving the probability of clinical success in specific areas identified by Zelda.

The over-riding objective of all of Zelda's activities is to generate pre-clinical and clinical stage data packs in a form that regulators and the bio-pharmaceutical industry are accustomed to. In that sense, Zelda is essentially a clinical-stage biotechnology company that enjoys the benefit of already-existing human data, helping to de-risk the opportunity for investors.

As part of Zelda's business plan it has formed, and will continue to form, deep relationships with globally recognised leaders in their fields.

Clinical Focus

Initially, Zelda will implement a clinical trials strategy that:

- seeks to conduct trials that have a high level of confidence in being successful;
- are relatively inexpensive compared to traditional drug trials;
- are relatively short duration with clear end-points;
- address an unmet clinical need; and
- have an attractive potential market.

Applying the above criteria and based upon existing human data available via the AZ Data Set, Zelda has identified the following priority Phase 2 clinical trial programmes focused around sleep disorders and dermatology indications:

- insomnia/sleep disorders;
- acne;
- eczema; and
- treatment of chronic wounds (eg. bed sores).

Successful results in any or all of these trials should provide Zelda with the opportunity to enter into development partnerships with third parties who are better resourced to progress the larger Phase 3 trials and exploit future potential commercial opportunities.

Following advice from Zelda's Scientific Advisory Board after reviewing the AZ Data Set, Zelda will also conduct observation trials on adult and paediatric glioblastoma cancer patients comprising both retrospective (on existing patient data) and prospective (future) patients. The short term aim is to publish results of this analysis in a respected peer-reviewed journal before deciding on further steps in this disease indication.

Pre-Clinical Research & Development

In addition to the above-mentioned clinical programmes, Zelda has identified the opportunity to conduct targeted pre-clinical research activities in the field of cancer and in particular breast cancer. It has entered into a research agreement with Universidad Complutense Madrid in Spain (**UCM**) who are acknowledged world leaders in the field of cancer and cannabinoid-based treatments having published numerous scientific articles over many years.

UCM will be testing certain cannabinoid-based formulations already known to have had therapeutic benefit in humans (via the AZ Data Set) and will be screening these formulations against their well established cellular and animal based models including testing in combination with existing, approved breast cancer therapies.

The pre-clinical data to be generated will be in a form acceptable to potential third party licensees who may wish to expand their intellectual property portfolio or extend the life of their existing drugs if combination therapy is shown to have a statistically significant benefit.

Partnerships

- (a) Caziwell Inc/AZ/New Frontier

Aunt Zelda's (**AZ**) is based in California (San Francisco Bay Area) supplying customised medical extracts to registered patients. AZ was founded by Mr Stewart Smith & Ms Mara Gordon who has a very high profile in the sector globally and is a keynote speaker at many of the world's medical cannabis conferences.

They have a reputation for providing high quality medicinal cannabis formulations and treatment protocols and adopting a rigorous approach to patient intake, quality control and ongoing monitoring.

The AZ Data Set is an extensive set of patient data collecting over 300 data points for each patient and has been generated through the activities of AZ. The AZ Data Set is owned by Caziwell Inc., the head company of AZ. Australian company MJ Life Sciences Pty Ltd holds a 33.33% interest in Caziwell Inc. with an option to increase that interest to 49.99%. Each of the current Zelda directors, Messrs Karelis, Peterson and Dr Washer, each of whom are also Proposed Directors, hold a 20% interest in and are Directors of MJ Life Sciences Pty Ltd.

Zelda has entered into an agreement with Caziwell Inc, which provides for the grant by Caziwell Inc. to Zelda of exclusive access to the AZ Data Set for the planning and design of clinical trials in any therapeutic indication in consideration for:

- (i) payments linked to clinical milestones payable by Zelda to AZ; and
- (ii) royalty payments based on net sales generated by Zelda from formulations derived from the AZ Data Set and sub-licenses granted by Zelda.

AZ has in turn established a strong relationship with the New Frontier group (Washington) and has established a joint-venture company. New Frontier is a data-driven organisation applying its analytics platform in a variety of ways to service the global cannabis industry. The joint-venture company will be focused on rolling out AZ's CDRMedTM patient intake and data management platform to medical clinics and dispensaries across the USA and elsewhere.

In addition, Zelda will also enjoy a strategic connection with the New Frontier group both via the joint-venture vehicle and directly which offers certain business development advantages by being able to better connect with those groups across the globe interested in growing their presence in the medicinal cannabis field.

(b) Universidad Complutense Madrid (UCM)

UCM is the oldest University in Madrid, Spain and the team led by Professor Manuel Guzmán and Associate Professor Dr Cristina Sánchez are considered amongst the leaders in the area of cannabis in anti-cancer research.

Zelda has entered into a research agreement whereby:

- (i) UCM will conduct certain research investigating the anti-tumour effect of cannabinoids in certain types of breast cancers;
- (ii) the effect of these compounds will be studied on the generation and progression of cancer through both in vitro and in vivo approaches;
- (iii) the formulation of the cannabinoid compounds and mixtures to be jointly decided and will take into account the existing AZ Data Set;
- (iv) Zelda retains 100% ownership of any results or new intellectual property generated through the collaboration; and
- (v) Zelda will pay a royalty payable to UCM in certain circumstances.

(c) AusCann Group Holdings Ltd (**AusCann**)

AusCann is an Australian-based company established to pursue the appropriate licences to breed new medicinal cannabis strains, grow, process these and ultimately dispense a variety of medical cannabis products.

AusCann has forged a number of partnerships and collaborations ensuring access to proprietary strains of medical cannabis, access to university research facilities, access to growing sites and ability to produce appropriate formulations.

AusCann holds the exclusive rights for Australia and New Zealand to AZ's branding, systems and formulations.

In May 2016, AusCann announced a strategic partnership with the world's largest licensed medical cannabis company – Canopy Growth Corporation. This partnership positions AusCann as the leading medicinal cannabis group in Australia.

Zelda intends to source medicinal cannabis plant and extract material for its Australian-based clinical trials from AusCann once the Australian legislation is in place permitting these activities.

Zelda director Mr Harry Karelis is a founding director and significant shareholder of AusCann and an entity associated with Dr Stewart Washer is a significant shareholder in AusCann.

Scientific Advisory Board

Zelda has attracted some of the world's leading clinicians and researchers in the medicinal cannabis field to help guide and inform its research and clinical activities. In addition, Zelda will engage with other relevant experts in particular fields at the appropriate time. A summary of those leading clinicians who have accepted a role on the Scientific Advisory Board are set out below:

(a) **Professor Manuel Guzmán**

Professor Guzmán is the Full Professor of Biochemistry and Molecular Biology at Madrid's Complutense University. His PhD and postdoctoral research focused on the study of the regulation of liver and brain lipid metabolism. During the last twenty years he has been mostly involved in the study of how cannabinoids act in the body, with special emphasis on the molecular mechanisms of that action and on understanding how cannabinoids control cell generation and death. This work has allowed characterising new effects and signalling pathways evoked by cannabinoids, as well as putting forward new physiopathological implications derived from them. Dr. Guzman has published 136 articles and 7 patents and supervised 15 PhD thesis. He has been Secretary of the SEBBM (2006-2010) and founder and secretary of the Spanish Society for Cannabinoids Research (SEIC) where he is the current President. He is also an Academic Member of The Royal National Academy of Pharmacy (Spain) as well as a member of the Board of Directors of the International Association for Cannabinoid Medicines (IACM). Professor Guzman resides in Spain.

(b) **Associate Professor Dr Cristina Sánchez**

Dr Sánchez is an Assistant Professor at Complutense University, Madrid Spain. Her PhD and postdoctoral training were focused on lipid signalling, including that of cannabinoids in an oncology setting. The goal of her current research is to understand and exploit cannabinoids as potential antitumoral agents in breast cancer.

More recently, she has also focused her attention on new cannabinoid receptors and their possible involvement in cannabinoid antitumoral action in breast cancer and other type of tumours. She has been Secretary of the Spanish Cannabinoid Research Society (2011-2015) and is one of the founders and Secretary of the Spanish Observatory on Medicinal Cannabis. Dr Sanchez resides in Spain.

(c) **Doctor Donald Abrams**

Dr. Donald Abrams is a cancer and integrative medicine specialist at the UCSF Osher Center for Integrative Medicine at Mount Zion. He provides integrative medicine consultations for cancer patients and has completed research in complementary and alternative therapies including medical use of cannabis and traditional Chinese medicine herbal therapies. In addition to his role at the Osher Centre, he is chief of Haematology and Oncology at San Francisco General Hospital.

He has been at the forefront medicinal cannabis research having conducted clinical trials of inhaled cannabis funded by both the US National Institutes of Health and the University of California Center for Medicinal Cannabis Research.

He is a co-editor of the National Cancer Institute's Physician Data Query Complementary and Alternative Medicine (NCI PDQ CAM) website posting on cannabinoids and cancer. Doctor Abrams resides in California.

(d) **Doctor Joe Goldstrich**

Dr. Joe Goldstrich graduated from the University of Texas Southwestern Medical School in 1964. He completed fellowships in diabetes, metabolism, and cardiology and became board certified in internal medicine, cardiology and clinical lipidology.

He has had a distinguished clinical career in preventive cardiology and nutrition, working as the National Director of Education and Community Programs for the American Heart Association, Medical Director at the Pritikin Longevity Center and Medical Director of ProCaps Laboratories, where he designed nutritional supplements based on published scientific studies. He has authored four books on diet, nutrition and preventive cardiology. Doctor Goldstrich resides in California.

(e) **Doctor Noah Federman**

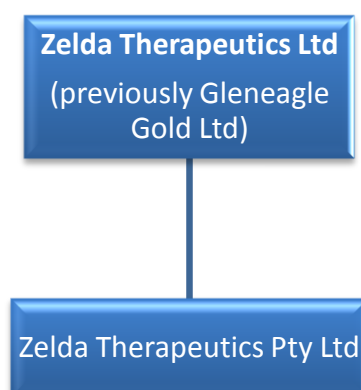
Dr Federman is the Director of the Pediatric Bone and Soft Tissue Sarcoma Program at University of California (Los Angeles), part of the UCLA Sarcoma Program and UCLA's Jonsson Comprehensive Cancer Centre. He specialises in treating children, adolescents and young adults with these aggressive cancers. He runs a comprehensive and multidisciplinary program involving paediatric and medical oncologists, radiation oncologists, orthopaedic oncology surgeons, musculoskeletal radiologists and pathologists, nuclear medicine specialists, physical therapists and prosthetic specialists.

Dr Federman also specialises in conducting clinical trials and leads an experienced clinical research team devoted to providing access to clinical trials for children with refractory, recurrent and metastatic bone and soft tissue cancers.

Dr Federman received a BA in English Literature and minor in neuroscience at Williams College, Massachusetts. He received a Medical Doctorate Degree from the Mount Sinai School of Medicine- New York University, New York and completed his residency and fellowship training in Pediatric Hematology/Oncology at the University of California, Los Angeles. He is now a full-time member of the faculty at UCLA. Doctor Federman resides in California

1.5 Post-transaction ownership structure

If the Transaction Resolutions are approved and the Company successfully acquires all of the issued capital in Zelda, the Company name will change from "Gleneagle Gold Limited" to "Zelda Therapeutics Limited" and the overall ownership structure of the Company will be as follows:



1.6 Company's intentions

Following completion of the Acquisition, the Company intends to do the following:

- (a) expand the management team including the recruitment of an experienced clinical trials manager;

- (b) expand the existing pre-clinical research and development contract with Complutense University Madrid, Spain for cancer-related research;
- (c) commence activities commensurate with establishing a human clinical trial in Canada for the treatment of sleep disorders and/or dermatology conditions including but not limited to chronic wound healing, acne & eczema including identifying appropriate clinicians, sites, obtaining ethics approvals and engaging with a suitable external contract research organisation (CRO) to manage these trials;
- (d) establish pre-clinical research and development activities in Australia initially focused upon skin-based conditions such as acute and chronic wounds as well as certain cancers;
- (e) commence activities commensurate with establishing a human clinical trial in Australia for the treatment of sleep disorders and/or dermatology conditions including but not limited to chronic wound healing, acne & eczema including identifying appropriate clinicians, sites, obtaining ethics approvals and engaging with a suitable external contract research organisation (CRO) to manage these trials;
- (f) continue with necessary intellectual property-related activities including landscape reviews and identification of patentable material;
- (g) continue to build relationships with key opinion leaders around the world; and
- (h) seek to dispose of any legacy assets of the Company in an orderly manner (see section 1.1 above).

1.7 Key terms of the Heads of Agreement

The Heads of Agreement sets out the terms upon which the Company is to acquire 100% of the issued capital in Zelda from the Zelda Shareholders. The key terms of the Heads of Agreement are as follows:

- (a) **(Conditions Precedent):** Completion of the Acquisition is subject to and conditional upon a number of conditions precedent, including:
 - (i) satisfaction of all necessary due diligence investigations by the parties;
 - (ii) 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;
 - (iii) Gleneagle receiving conditional approval by ASX to reinstate its securities and those conditions being satisfied to the reasonable satisfaction of Gleneagle and Zelda;
 - (iv) 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 Section 1.7(a)(iii) above (**Equity Raising**);
 - (v) if required, Gleneagle undertaking a consolidation of its issued share capital; and
 - (vi) 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.
- (b) **(Consideration):** Subject to satisfaction of the conditions precedent, at completion, Gleneagle will issue the following securities (on a pre-Consolidation basis):
 - (i) 1,600,000,000 Shares at a deemed issue price of A\$0.005 each to Zelda shareholders on a pro rata basis;

- (ii) 80,000,000 Shares in consideration for professional services to be provided to Gleneagle in connection with the Acquisition;
 - (iii) 115,000,000 Options, each exercisable at a price equal to 125% of the issue price under the Equity Raising on or before the date that is 5 years after the date of issue to the proposed directors and company secretary of the Company;
 - (iv) 75,000,000 Options, each exercisable at a price equal to 125% of the issue price under the Equity Raising on or before the date that is 5 years after the date of issue to the existing Gleneagle officers in consideration for past and future services to be provided to Gleneagle; and
 - (v) 10,000,000 Options, each exercisable at a price equal to 125% of the issue price under the Equity Raising on or before the date that is 5 years from the date of grant to Merchant in consideration for services provided to Gleneagle in connection with the Proposed Transaction.
- (c) **(Board composition):** At completion of the Acquisition, Gleneagle will appoint Messrs Harry Karelis, Jason Peterson, Dr Stewart Washer and Ms Mara Gordon as directors of Gleneagle and procure resignations from Messrs Ian Love, Wayne Loxton and Leon Davies as directors of Gleneagle.
- (d) **(Change of name):** Following successful completion of the Acquisition, Gleneagle will change its name to “Zelda Therapeutics Limited”.
- (e) **(Fee):** 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.
- (f) **(Exclusivity):** Until the earlier of termination of the Heads of Agreement or completion of the Proposed Acquisition occurring, neither Zelda nor Gleneagle nor any of their officers or directors, will solicit, offer, or encourage or respond to any proposals from any third party regarding any acquisition of their issued share capital or a competing transaction or alternative investment.
- (g) **(Formal Documents):** The parties agree to negotiate in good faith formal share sale agreements to be entered into by Gleneagle, Zelda and each of the Zelda shareholders on terms consistent with the Heads of Agreement.

The Heads of Agreement otherwise contains clauses typical for agreements of this nature.

1.8 **Zelda Capital Raising**

Zelda has undertaken a capital raising by way of the issue of convertible notes in Zelda with a value of \$1.05 million (**Convertible Notes**). Funds raised under the Convertible Notes are being used to:

- (a) fund operations with UCM as detailed in Section 1.4 above;
- (b) provide working capital for Zelda pending completion of the Proposed Transaction; and
- (c) provide a contingency in the event that the Proposed Transaction is delayed or the conditions to the Proposed Transaction are not satisfied,

(Zelda Capital Raising).

Under the terms of the Convertible Notes they automatically convert into Shares at a 20% discount to the issue price under the Equity Raising if the Proposed Transaction were to be proceed.

Zelda issued a total of 1.05 million Convertible Notes, each with a face value of \$1.00 to certain investors (**Zelda Noteholders**) to raise \$1.05 million. If the Proposed Transaction proceeds, the Company intends to use the remaining funds raised under the Zelda Capital Raising in accordance with Section 1.10 below.

1.9 Equity Raising

The Company is seeking to raise a minimum of \$3 million and, based on a minimum issue price of \$0.025 per Share, up to \$4 million under the Equity Raising in order to complete the Proposed Transaction, fund the Company's future activities, pay for the costs of re-complying with Chapters 1 and 2 of the Listing Rules and fund the working capital requirements of the Company.

The Equity Raising is to be in the form of an offer to eligible overseas and Australian investors. In addition, the Participating Directors will be able to participate in the Equity Raising in the event that Resolutions 22 to 24 are passed by the Shareholders.

The Company will be assisted by CPS Capital in conducting the Equity Raising. In consideration for their services, CPS Capital (or its nominee) will be entitled to receive 16,000,000 Shares (on a Post-Consolidation basis).

Approval for the issue of the Shares pursuant to the Equity Raising is the subject of Resolution 6. Approval for the issue of the 16,000,000 Shares (on a Post-Consolidation basis) to CPS Capital (or its nominee) is the subject of Resolution 13.

1.10 Use of funds

The Company intends to apply funds raised pursuant to the Equity Raising, existing cash reserves and monies raised under the Zelda Capital Raising (assuming a minimum of \$3 million and, based on a minimum issue price of \$0.025 per Share, up to \$4 million is raised under the Equity Raising plus \$1.05 million under the Zelda Capital Raising) as follows:

Description	Funds (minimum subscription of \$3,000,000)	Funds (subscription of \$4,000,000)
Source of funds		
Existing cash reserves (GLN and Zelda)	\$750,000	\$750,000
Funds raised under the Equity Raising	\$3,000,000	\$4,000,000
TOTAL	\$3,750,000	\$4,750,000
Allocation of funds		
Pre-clinical research and development costs – Spain	\$245,760	\$324,442
Pre-clinical research and development costs – Australia	\$231,193	\$305,211
Clinical trial milestone fees	\$378,743	\$500,000
Clinical trial costs – Canada	\$367,541	\$485,211
Clinical trial costs – Australia	\$367,541	\$485,211
General working capital	\$176,006	\$115,006
Corporate Overheads	\$1,532,697	\$2,023,400
Costs of the Offer	\$450,518	\$511,518
TOTAL	\$3,750,000	\$4,750,000

1.11 Re-compliance with Chapters 1 and 2 of the Listing Rules

As the Company has no prior involvement in the medicinal cannabis or biotechnology industry, the Acquisition constitutes a significant change in the nature and scale of the Company's activities. Accordingly, subject to Shareholders approving Resolution 1, the Company will seek to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules to obtain re-quotation of its Shares on ASX.

The Company will not issue any Shares or Options the subject of Resolutions 3, 5, 6 and 13 to 24 until the Company has conditional confirmation from ASX that, subject to compliance with conditions imposed by ASX, the Company will re-comply with Chapters 1 and 2 of the Listing Rules.

Among other things, the provision of Chapters 1 and 2 of the Listing Rules require the Company to:

- (a) ensure that any new Share issues must be made at a minimum price of \$0.02 per Share in order to raise additional working capital and any Options must have an exercise price of no less than \$0.02 per Option;
- (b) obtain the requisite Shareholder spread;
- (c) prepare a prospectus in accordance with the provisions of the Corporations Act;
- (d) have an appropriate structure and operations; and
- (e) satisfy either of the tests required in the Listing Rules in relation to the Company's asset value.

1.12 Impact of the Proposed Transaction on the Company's capital structure

The effect of the Proposed Transaction (on an undiluted and Post-Consolidation basis) on the capital structure of the Company (assuming a minimum of \$3,000,000 and, based on a minimum issue price of \$0.025 per Share, up to \$4,000,000 is raised under the Equity Raising) can be summarised as follows:

	Post-Consolidation (minimum of \$3,000,000 raised) ¹	% interest (minimum of \$3,000,000 raised)	Post-Consolidation (\$4,000,000 raised) ²	% interest (\$4,000,000 raised)
Shares				
Shares currently on issue	120,627,672	19.17%	120,627,672	18.03%
Conversion Shares to be issued to Zelda Noteholders	52,500,000	8.34%	52,500,000	7.85%
Consideration Shares to be issued to Zelda Shareholders	320,000,000	50.86%	320,000,000	47.82%
Shares to be issued to CPS Capital (or its nominee)	16,000,000	2.54%	16,000,000	2.40%
Shares to be issued under the Equity Raising	120,000,000	19.07%	160,000,000	23.91%
Total	629,127,672	100.00%	669,127,672	100%
Options				
Options currently on issue	None	N/A	None	N/A
Options to be issued to certain existing Gleneagle officers	15,000,000	37.50%	15,000,000	37.50%
Options to be issued to certain incoming Gleneagle officers	23,000,000	57.50%	23,000,000	57.50%
Options to be issued to Merchant	2,000,000	5.00%	2,000,000	5.00%

	Post-Consolidation (minimum of \$3,000,000 raised) ¹	% interest (minimum of \$3,000,000 raised)	Post-Consolidation (\$4,000,000 raised) ²	% interest (\$4,000,000 raised)
Total	40,000,000	100.00%	40,000,000	100.00%

Note:

1. The above figures assume that a minimum of \$3,000,000 will be raised under the Equity Raising at an issue price of \$0.025 per Offer Share.
2. The above figures assume that \$4,000,000 will be raised under the Equity Raising at an issue price of \$0.025 per Offer Share.

1.13 Pro forma Balance Sheet

An unaudited pro forma balance sheet of the Company following completion of the Proposed Transactions is set out below:

Gleneagle Gold Limited Pro forma Balance sheet 31 December 2015 Acquisition of Zelda Therapeutics Pty Ltd & Capital Raising ASX Re-Compliance				
		Gleneagle Gold Ltd	Pro-Forma \$3m Min Raising (on assumption of a \$0.025 issue price under the Equity Raising)	Pro-Forma \$4m Raising (on assumption of a \$0.025 issue price under the Equity Raising)
Current assets				
Cash and cash equivalents		185,049	\$4,094,140	\$5,033,140
Trade and other receivables		16,018	\$24,753	\$24,753
Total current assets		201,067	\$4,118,893	\$5,057,893
Non-Current assets				
Investment in Zelda			-	-
Trade and other receivables			-	-
Total non-current assets		-	-	-
Total assets		201,067	\$4,118,893	\$5,057,893
Liabilities				
Current liabilities				
Trade creditors and other payables		30,795	\$40,833	\$40,833
Total current liabilities		30,795	\$40,833	\$40,833

Non-Current liabilities				
Loans payable		-	-	-
Total non-current liabilities		-	-	-
Total liabilities		30,795	\$40,833	\$40,833
Net (liabilities)/assets		170,272	\$4,078,060	\$5,017,060
Equity				
Issued capital		16,307,505	\$7,165,175	\$8,104,175
Share option reserve			\$425,517	\$425,517
Accumulated profits		(16,137,233)	(\$3,512,632)	(\$3,512,632)
Total (deficiency in equity) / equity		170,272	\$4,078,060	\$5,017,060
<p>Notes</p> <ul style="list-style-type: none"> Assumes reverse takeover accounting principles apply. 1,600,000,000 GLN Shares (on a pre-Consolidation basis: 320,000,000 Post-Consolidation) at a deemed issue price of A\$0.005 each to Zelda shareholders on a pro rata basis. 80,000,000 Shares (on a pre-Consolidation basis: 16,000,000 Post-Consolidation) in consideration for professional services to be provided to Gleneagle in connection with the Proposed Transaction. 200,000,000 Options (on a pre-Consolidation basis: 40,000,000 Post-Consolidation), each exercisable at a price equal to 125% of the issue price under the Equity Raising on or before the date that is 5 years after the date of issue. Assumes a minimum \$3m IPO cash raised via the issue of 120m Shares (on a Post-Consolidation basis) at \$0.025 per share. Assumes \$4m IPO cash raised via the issue of 160m Shares (on a Post-Consolidation basis) at \$0.025 per share. 6% brokerage fee on funds raised. Convertible Note cash received via the issue of Convertible Notes to Zelda Noteholders of AUD\$1.05m with face value of \$1 per note. Issue of 52,500,000 Shares (Post-Consolidation) at an issue price of AUD\$0.02 per share upon conversion of the Convertible Notes (issued at 20% discount to re-compliance offer price). 				

1.14 Board of Directors

The Board of Directors currently comprises:

- (a) Mr Ian Love (Non-executive Director);
- (b) Mr Wayne Loxton (Non-executive Chairman); and
- (c) Mr Leon Davies (Non-executive Director).

Upon completion of the Proposed Transaction, subject to the passing of the Transaction Resolutions, it is intended that the current Directors will resign and the following persons will be appointed as Directors of the Company:

- (a) Mr Harry Karelis (Executive Chairman);
- (b) Mr Jason Peterson (Non-executive Director);

- (c) Dr Stewart Washer (Non-executive Director); and
- (d) Ms Mara Gordon (Non-executive Director).

(together, the **Proposed Directors**). Profiles of each of the Proposed Directors are outlined in Section 14.

1.15 Change of name

Upon completion of the Proposed Transaction, the Company proposed to change its name to “Zelda Therapeutics Limited”. Approval for the change of name is the subject of Resolution 7.

2. ADVANTAGES AND DISADVANTAGES OF THE ACQUISITION

2.1 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder’s decision on how to vote on the Resolutions:

- (a) the Company will be exposed to a rapidly growing industry, and Shareholders have the ability to gain exposure to future opportunities;
- (b) the appointment of the Proposed Directors will add relevant experience, skills and networks to the Board to assist with the growth of the Company;
- (c) the Company’s ability to raise funds and attract strategic investors may be improved;
- (d) the Acquisition may encourage new investors in the Company which may lead to increased liquidity of Shares and greater trading depth than currently experienced by Shareholders; and
- (e) Shareholders may be exposed to further debt and equity opportunities that it did not have prior to the Acquisition.

2.2 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder’s decision on how to vote on the Resolutions:

- (a) the Company will be changing the nature and scale of its activities to become a company focussed on pre-clinical research and designing and conducting clinical trials involving the use of medicinal cannabis, which may not be consistent with the objectives of all Shareholders;
- (b) the Proposed Transaction will result in the issue of Shares and Options to the Zelda Shareholders, Zelda Noteholders and new investors, which will have a significant dilutionary effect on the holdings of existing Shareholders; and
- (c) the activities of Zelda has a different risk and reward profile than the Company has historically. This new risk profile may not suit all Shareholders. A non-exhaustive summary of this risk profile is set out in Section 3.

2.3 Plans for the Company if the Transaction Resolutions are not passed

If the Transaction Resolutions are not passed and the Acquisition does not complete, the Company will continue to assess new project opportunities that the Board believes will add shareholder value, including looking at possible investment opportunities outside of the Company’s existing principal activity of mineral exploration.

3. KEY RISKS

Shareholders should be aware that if the Proposed Transaction proceeds, the Company will be changing the nature and scale of its activities to a biotechnology company operating in the medicinal cannabis industry. As a result, the Company will become subject to various risk factors which do not necessarily apply to the Company as present. Based on the

information available as at the date of this Notice of General Meeting, a non-exhaustive list of risk factors associated with the Proposed Transaction are set out in this Section 3.

3.1 Risks relating to the change in nature and scale of activities

(a) Re-Quotation of Shares on ASX

The acquisition of Zelda constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

(b) Dilution Risk

The Company currently has 603,138,361 Shares on issue (on a pre-Consolidation basis). On completion of the Proposed Transaction, the Company proposes to issue the Consideration Shares under the Acquisition, the Conversion Shares under the Zelda Capital Raising, the Advisory Shares, the Executive Options, Management Options and the Merchant Options in connection with services provided to the Company in connection with the Proposed Transaction and Shares to raise a minimum of \$3,000,000 and, based on a minimum issue price of \$0.025 per Share, up to \$4,000,000 as part of the Equity Raising.

Assuming a minimum issue price of \$0.025 per Offer Share, if the minimum amount of \$3,000,000 is raised under the Equity Raising (and assuming no exercise of Options), the existing Shareholders will retain approximately 19.17% of the issued capital of the Company, with the Zelda Shareholders and Zelda Noteholders holding a total of 59.2%, recipients of the advisory fee holding in aggregate of 2.54% and the investors under the Equity Raising holding 19.07% of the issued capital of the Company respectively.

Assuming a minimum issue price of \$0.025 per Offer Share, if \$4,000,000 is raised under the Equity Raising (and assuming no exercise of Options), the existing Shareholders will retain approximately 18.03% of the issued capital of the Company, with the Zelda Shareholders and Zelda Noteholders holding a total of 55.67%, recipients of the advisory fee holding in aggregate of 2.40% and the investors under the Equity Raising holding 23.91% of the issued capital of the Company respectively.

There is also a risk that the interests of Shareholders will be further diluted as a result of future raisings required in order to fund the development of the business.

(c) Liquidity Risk

On completion of the Acquisition, the Company proposes to issue 320,000,000 Shares (on a Post-Consolidation basis) to the Zelda Shareholders, and 52,500,000 Shares (on a Post-Consolidation basis) to the Zelda Noteholders, 16,000,000 Advisory Shares and 23,000,000 Executive Options (both on a Post-Consolidation basis) to new management of the Company, 15,000,000 Management Options (on a Post-Consolidation basis) to existing management of the Company and 2,000,000 Merchant Options (on a Post-Consolidation basis). A large portion of these securities will be subject to escrow restrictions in accordance with Chapter 9 of the ASX Listing Rules. Based on the post-offer capital structure (on a Post-Consolidation basis) (and assuming no further Shares are issued or Options exercised), these Shares will equate to approximately:

- (i) 61.75% of the post-Offer issued Share capital (assuming \$3 million is raised under the Equity Raising); or

- (ii) 58.06% of the post-Offer issued Share capital (assuming \$4 million is raised under the Equity Raising).

This could be considered an increased liquidity risk as a large portion of issued capital may not be able to be traded freely for a period of time.

(d) **Contractual Risk**

Pursuant to the Heads of Agreement (summarised in Section 1.7) the Company has agreed to acquire 100% of Zelda, subject to the fulfilment of certain conditions precedent.

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Heads of Agreement. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

3.2 Risks relating to the Company's operations

(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, our products. These pressures could also limit or restrict the introduction and marketing of our 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 our products. The nature of our business attracts a high level of public and media interest, and in the event of any resultant adverse publicity, our 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 clinical trials are favourable, the clinical trials for a number of 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 clinical trials at any time, or suspend or terminate the registrations and quota allotments required 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 manufacturing processes or product formulations;
- (vii) delays in obtaining regulatory authorization 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 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 Zelda, its employees, our 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 business, results of operations and financial conditions.

In addition, even if the results of a clinical trial to be positive, the FDA or other regulatory authorities may disagree with the 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) Zelda could be sued and held liable for harm caused to patients; or
- (iv) Zelda's reputation may suffer.

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

(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. Zelda expects this consolidation and strategic partnering to continue. Acquisitions or other consolidating transactions could harm Zelda in a number of ways, including:

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

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

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

Zelda'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 Zelda's involved in medicinal cannabis.

While to the current knowledge of management, Zelda is currently in compliance with all current laws, changes to laws and regulations due to matters beyond the control of Zelda 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 Zelda's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial position and financial performance of Zelda. In addition there is a risk that legal action may be taken against Zelda in relation to commercial, legal, regulatory or other matters.

(f) **Protection of proprietary technology**

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

If Zelda fails to adequately protect its intellectual property, it may face competition from companies who attempt to create a generic product to compete with our proposed products. Zelda may also face competition from companies who develop a substantially similar product to one of its 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 Zelda to stop the infringement of patents or marketing of competing products in violation of proprietary rights generally. Proceedings to enforce intellectual property rights in foreign jurisdictions could result in substantial cost and divert our efforts and attention from other aspects of our business.

Patents

The strengths of patents in the pharmaceutical field involves complex legal and scientific questions and can be uncertain. Where appropriate, Zelda will seek patent protection for certain aspects of products and technology. Filing, prosecuting and defending patents throughout the world would be prohibitively expensive, so its 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 Zelda must spend significant time and money protecting or enforcing patents, designing around patents held by others or licensing, potentially for large fees, patents or other proprietary rights held by others, the business, results of operations and financial condition may be harmed. Zelda may not develop additional proprietary products that are patentable.

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

Trade secrets

Trade secrets are difficult to protect. Zelda relies in part on confidentiality agreements with employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to protect 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 our trade secrets and proprietary information. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights. Failure to obtain or maintain trade secret protection, or failure to adequately protect intellectual property, could enable competitors to develop generic products or use proprietary information to develop other products that compete with products or cause additional, material adverse effects upon our business, results of operations and financial condition.

(g) Additional Requirements for Capital

The funds to be raised under the Zelda Capital Raising and the Equity Raising 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.

(h) 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.

(i) Licensing and marketing risk

The Directors believe the funds raised from the Zelda Capital Raising and the Equity Raising will give the Company sufficient working capital to achieve its objectives as stated in Section 1.6. However, these funds 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.

(j) 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.

(k) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in Sections 1.6 and 1.10. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(l) **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 Proposed Transaction. 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.

3.3 **General risks**

(a) **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.

(b) **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.

(c) **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

(d) **Investment Speculative**

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 Company's securities.

4. **CONDITIONALITY OF RESOLUTIONS**

Each of the Transaction Resolutions are conditional on each other, meaning that in order for any Transaction Resolution to have effect, each of the other Transaction Resolutions must also be passed by Shareholders. In addition, all other Resolutions (other than Resolutions 8 and 26) are conditional on the Transaction Resolutions being passed by Shareholders and will only be effective upon completion of the Proposed Transaction.

Accordingly, if any Transaction Resolution is not passed, none of the other Resolutions (other than Resolutions 8 and 26) will be able to take effect. In that event:

- (a) the Proposed Transaction will not proceed and the Company would continue with its current activities unless and until further opportunities could be identified by the Directors; and
- (b) the Shares will be reinstated to quotation on ASX, subject to the Company continuing to comply with the Listing Rules.

5. **DIRECTORS RECOMMENDATION**

The Directors of the Company unanimously recommend the Acquisition (and the change in nature and scale of the Company's activities) and that Shareholders vote in favour of the proposed Resolutions (other than in relation to Resolutions 18 and 19 and 22 to 24).

Messrs Ian Love and Wayne Loxton have a material personal interest in the outcome of Resolutions 18 and 19 and each of the Directors have a material personal interest in the outcome of Resolutions 22 to 24 and accordingly do not make a voting recommendation to Shareholders.

6. **RESOLUTION 1 – CHANGE TO NATURE AND SCALE OF ACTIVITIES**

Resolution 1 seeks approval for the Company to change the scale of its business if it completes the Acquisition. Refer to Sections 1.1 and 1.4 for a summary of the Company's current operations and the operations which is proposed to undertake upon completion of the Acquisition.

Assuming Shareholders approve Resolution 1, the Company must comply with Chapters 1 and 2 of the Listing Rules.

6.1 **Regulatory Requirements**

Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the scale of its activities, it must provide full details to ASX as soon as practicable. Listing Rule 11.1.2 provides that, if ASX requires, the entity must get the approval of shareholders and must comply with any requirements of ASX in relation to the notice of meeting.

ASX has advised the Company that it must seek Shareholder approval for the change in scale that will result upon completion of the Acquisition. ASX has further advised the Company that the change in the scale of the Company's activities will require the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules in accordance with Listing Rule 11.1.3.

For this reason, the Company is seeking Shareholder approval for the Company to change the nature and scale of its activities under Listing Rule 11.1.2.

If Resolution 1 is passed, the Company will be able to proceed with the Acquisition. Shareholders should note that the passing of Resolution 1 is conditional upon, and subject to the other Transaction Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 1, you should also vote in favour of the other Transaction Resolutions.

If Resolution 1 is not passed, the Company will not be permitted to change the nature and scale of its activities and the Proposed Transaction will not proceed.

6.2 Guidance Note 12

Recent changes to Guidance Note 12 alter ASX's policy in relation to the application of the "20 cent rule" to re-compliance listings. Under Listing Rules 2.1 condition 2 and 1.1 condition 11, respectively, the issue price of Shares for which the Company is seeking quotation must be at least 20 cents and the exercise price for any options must be at least 20 cents. Guidance Note 12 states that ASX will consider a request not to apply the 20 cent rule provided the issue price or sale price of any securities being issued or sold as part of, or in conjunction with, the transaction:

- (a) is not less than two cents each;
- (b) is specifically approved by security holders as part of the approval obtained under Listing Rule 11.1.2; and
- (c) ASX is otherwise satisfied that the entity's proposed capital structure after the transaction will satisfy Listing Rules 1.1 condition 1 and 12.5 (appropriate structure for a listed entity).

On 9 May 2016, the ASX granted the Company waivers from:

- (d) Listing Rule 1.1 condition 11 to permit the exercise price of Options in conjunction with the Acquisition to be less than \$0.20 on the condition that exercise price of the options is \$0.025 with an expiry period of 5 years from the issue date and the terms of the Options are clearly disclosed in this Notice of Meeting and Shareholder approve the exercise price of the Options as part of the approvals to be obtained under Listing Rule 11.1.2; and
- (e) Listing Rule 2.1 condition 2 to permit the issue of Shares under the Equity Raising to be less than \$0.20 on the condition that the issue price under the Equity Raising is not less than \$0.025 each and Shareholders approve the issue price of the Equity Raising Securities as part of the approvals sought under Listing Rule 11.1.2.

7. RESOLUTION 2 – CONSOLIDATION

7.1 Background

Resolution 2 seeks Shareholder approval for the Company to consolidate its issued Share capital through the conversion of every five (5) Shares into one (1) Share (**Consolidation**).

The purpose of the Consolidation is to implement a more appropriate capital structure for the Company going forward and to enable the Company to satisfy Chapters 1 and 2 of the Listing Rules and obtain re-quotation of the Shares on ASX.

7.2 Effective Date of the Consolidation

If Shareholders approve Resolution 2, the Consolidation will take effect on a date to be announced by the Company, with at least 6 business days notice (**Effective Date**). The Directors intend to implement the Consolidation prior to completion of the Acquisition, but it will only occur if:

- (a) Shareholders approve all other Transaction Resolutions;

- (b) all conditions to the Acquisition (other than the Consolidation) are satisfied or waived; and
- (c) the Directors are of the view that all conditions to re-listing on ASX can be satisfied.

Unless otherwise stated, references in this Notice of Meeting to Shares or Options are references to Shares or Options on a Post-Consolidation basis.

As mentioned above, Shareholders should note that the passing of Resolution 2 is conditional upon, and subject to the other Transaction Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 2, you should also vote in favour of the other Transaction Resolutions.

If Resolution 2 is not passed, the Company will not be permitted to implement the Consolidation and the Proposed Transaction will not proceed.

7.3 Regulatory requirements

Pursuant to section 254H(1) of the Corporations Act, the Company may convert all or any of its Shares into a larger or smaller number of Shares by ordinary resolution passed at a general meeting. The result of the Consolidation is that each member's security holding will be reduced to one fifth of its current level.

In compliance with the information requirements of Listing Rule 7.20, Shareholders are advised of the following information:

(a) Effect of the Consolidation

If this Resolution is approved, every five (5) Shares on issue will be consolidated into one (1) Share (subject to rounding). The following table shows the effects of the Consolidation on the Shares of the Company:

Shares	Number (based on minimum \$3 million subscription)	Number (based on \$4 million subscription) ¹
Current issued share capital (pre-Consolidation)	603,138,361	603,138,361
Current issued share capital (Post-Consolidation)	120,627,672	120,627,672
Consideration Shares to be issued ²	320,000,000	320,000,000
Conversion Shares to be issued ²	52,500,000	52,500,000
Shares to be issued under the Equity Raising ⁴	120,000,000	160,000,000
Shares to be issued to CPS Capital ⁵	16,000,000	16,000,000
TOTAL	629,127,672	669,127,672

Notes:

1. Assuming a minimum issue price of \$0.025 under the Equity Raise
2. Under the Heads of Agreement, the Company has agreed to issue a total of 1,600,000,000 Shares to the Zelda Shareholders on a pre-Consolidation basis.
3. Zelda has issued a total of 1,050,000 Convertible Notes under the Zelda Capital Raising. Under the terms of the Convertible Notes, these Convertible Notes will automatically convert into Shares at a conversion price of \$0.02 on a Post-Consolidation basis (assuming an offer price of \$0.025 under the Equity Raise).
4. This table assumes that a minimum of \$3,000,000 and up to \$4,000,000 will be raised under the Equity Raising at a minimum issue price of \$0.025 per Offer Share.
5. In accordance with the terms of the Mandate Letter, CPS Capital (or its nominee) is entitled to be issued a total of 16,000,000 Shares (on a Post-Consolidation basis).

As the Consolidation applies equally to all Shareholders, individual shareholdings will be reduced in the same ratio as the total number of Shares (subject to rounding). Accordingly, assuming no other market movements or impacts occur, the Consolidation will have no effect on the percentage interest in the Company of each Shareholder.

The Consolidation will not result in any change to the substantive rights and obligations of existing Shareholders.

(b) **Fractional entitlements**

Where the Consolidation results in an entitlement to a fraction of a Share, that fraction will be rounded to the nearest whole number. Each member's proportional interest in the Company's issued capital will, however, remain unchanged as a result of the Consolidation (other than minor variations resulting from rounding).

(c) **Effect of Consolidation on Options**

The Company does not currently have any Options on issue. However, subject to the Transaction Resolutions and Resolutions 14 to 20 being passed, the Company proposes to issue the following Options upon the Acquisition becoming effective:

- (i) 23,000,000 Options (on a Post-Consolidation basis) to certain incoming Company officers (subject to Shareholders passing Resolutions 14 to 17);
- (ii) 15,000,000 Options (on a Post-Consolidation basis) to certain existing Company officers (subject to Shareholders passing Resolutions 18 to 20); and
- (iii) 2,000,000 Options (on a Post-Consolidation basis) to Merchant (subject to Shareholders passing Resolution 21).

7.4 Holding statements

Taking effect from the date of the Consolidation, all existing holding statements will cease to have any effect, except as evidence of entitlement to a certain number of securities on a post Consolidation basis. New holding statements will be issued to security holders, who are encouraged to check their holdings after the Consolidation.

7.5 Taxation

The Consolidation should not result in a capital gains tax event for Australian tax residents. The cost base of the Shares held after the Consolidation will be the sum of the cost bases of the original Shares pre-Consolidation. The acquisition date of Shares held after the Consolidation will be the same as the date on which the original Shares were acquired.

This Explanatory Statement does not however consider the tax implications in respect of Shares or other securities held on revenue account, as trading stock or by non-resident Shareholders. Shareholders should consider their own circumstances and seek their own professional advice in relation to their tax position. Neither the Company nor any of its officers or employees assumes any liability or responsibility for advising Shareholders or other security holders about the tax consequences of the proposed Consolidation.

8. RESOLUTION 3 – APPROVAL OF CONSIDERATION SHARES TO ZELDA SHAREHOLDERS

8.1 Background

As set out in Section 1.7, in accordance with the terms of the Heads of Agreement, the Company has agreed to issue a total of 320,000,000 Shares at a deemed issue price of \$0.025 per Share (on a Post-Consolidation basis) (**Consideration Shares**) to the Zelda Shareholders in proportion to their respective interest in Zelda.

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Consideration Shares to the Zelda Shareholders in consideration for the acquisition by the Company of 100% of the issued capital of Zelda.

If Resolution 3 is passed, the Company will be able to proceed with the Acquisition. Shareholders should note that the passing of Resolution 3 is conditional upon, and subject to the other Transaction Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 3, you should also vote in favour of the other Transaction Resolutions.

If Resolution 3 is not passed, the Company will not be permitted to issue the Consideration Shares to the Zelda Shareholders and the Proposed Transaction will not proceed.

8.2 Regulatory Requirements

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the Equity Securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

The issue of the Consideration Shares pursuant to Resolution 3 will exceed the 15% limit and therefore requires the approval of Shareholders.

The securities proposed to be issued, for which approval is sought under Resolution 3, comprise 265% of the Company's issued capital (based on the number of Shares on issue as at the date of this Notice of General Meeting).

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised of the following information:

(a) **Maximum number of securities to be issued**

The Company intends to issue up to 320,000,000 Shares (on a Post-Consolidation basis).

(b) **Date of issue**

The Consideration Shares will be issued on the completion date of the Acquisition, and in any event not later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). It is anticipated that the allotment will occur on the same date.

(c) **Issue price**

The Consideration Shares will be issued at a deemed issue price of \$0.025 per Share (on a pre-Consolidation basis).

(d) **The names of the persons to whom the entity will issue the securities or the basis on which those persons will be determined**

The Consideration Shares will be issued to the Zelda Shareholders. Each of the Proposed Directors are Zelda Shareholders and are related parties of the Company.

None of the Zelda Shareholders will hold an interest of 20% or greater in the capital of the Company as a result.

(e) **Terms of the securities**

The Consideration Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

(f) **Intended use of the funds raised**

The Consideration Shares will be issued for in consideration for the Acquisition. Accordingly, no funds will be raised from the issue of the Consideration Shares.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 3 is included in the Notice of General Meeting preceding this Explanatory Statement.

8.3 Escrow restrictions

It is likely that the ASX will apply trading restrictions to the Consideration Shares. As at the date of this Notice, ASX has not made a determination in this regard but is expected to do so prior to any final approval for the re-instatement of the Company's securities on the ASX.

9. RESOLUTION 4 – APPROVAL OF ACQUISITION OF PETERSON INTEREST FROM MR JASON PETERSON

9.1 Background

Mr Jason Peterson is a substantial holder of the Company with a current Relevant Interest in 14,543,775 (Post-Consolidation) Shares in the Company, representing a 12.06% interest. Mr Peterson is also the holder of 16,467,066 shares in Zelda, which represents a 16.39% interest (**Peterson Interest**). Under the Heads of Agreement, the Company proposed to acquire the Peterson Interest in consideration for the issue of 52,459,017 Consideration Shares (on a Post-Consolidation basis) to Mr Peterson.

9.2 Regulatory Requirements

Listing Rule 10.1 provides that an entity must not acquire a substantial asset from, or dispose of a substantial asset to, inter alia, a substantial holder (if the person and the person's associates have a Relevant Interest or had a Relevant Interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities) without the approval of holders of the entity's ordinary securities.

Mr Peterson is a substantial holder of the Company by reason of his 12.06% interest in the Company.

An asset is substantial if its value, or the value of the consideration for it, is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

Based on the Company's financial report for the half year ended 31 December 2015 lodged with ASX on 15 March 2016, the Company's equity interests were \$170,272. As a result, an asset is "substantial" if it is valued at \$8,514 or more. Pursuant to section 9.4 of the Independent Expert's Report (attached at Attachment A), the Independent Expert has valued Zelda at between \$2.8 million and \$24.6 million. Given the Peterson Interest represents 16.39% of Zelda, the corresponding value of the Peterson Interest is between \$458,920 and \$4.03 million. Accordingly, the Peterson Interest is a substantial asset for the purposes of the Listing Rules.

For this reason, Resolution 4 seeks shareholder approval pursuant to Listing Rule 10.1 for the proposed acquisition by the Company of the Peterson Interest from Mr Peterson.

Shareholders should note that the passing of Resolution 4 is conditional upon, and subject to the other Transaction Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 4, you would also vote in favour of the other Transaction Resolutions. If Resolution 4 is not passed, the Company will not be permitted to acquire the Peterson Interest and the Proposed Transaction will not proceed.

9.3 Independent Expert's Report

Listing Rule 10.10 provides that a notice of meeting that seeks approval must include a voting exclusion statement under which a party to the transaction and its associates must not vote and an independent expert's report which states whether the transaction is fair and reasonable to holders of the entity's ordinary securities whose votes are not to be disregarded.

Accordingly, the Directors have appointed the Independent Expert and commissioned it to prepare a report to provide an opinion as to whether or not the proposed acquisition of the Peterson Interest from Mr Peterson is fair and reasonable to non-associated Shareholders.

What is fair and reasonable must be judged by the Independent Expert in all the circumstances of the proposal. This requires taking into account the likely advantages to shareholders if the proposal is approved and comparing them with the disadvantages to them if the proposal is not approved.

The Independent Expert has concluded that the proposed acquisition of the Peterson Interest from Mr Peterson is fair and reasonable to non-associated Shareholders.

The Company strongly recommends that you read the Independent Expert's Report in full, a copy of which is attached as Attachment A.

9.4 Escrow restrictions

It is likely that the ASX will apply trading restrictions to the Peterson Interest. As at the date of this Notice, ASX has not made a determination in this regard but is expected to do so prior to any final approval for the re-instatement of the Company's securities on the ASX.

10. RESOLUTION 5 – APPROVAL OF CONVERSION SHARES TO ZELDA NOTEHOLDERS

10.1 Background

As set out in Section 1.8, Zelda has issued a total of 1.05 million Convertible Notes, each with a face value of \$1.00 to certain professional and sophisticated investors (**Zelda Noteholders**) for the purposes of raising a total of \$1.05 million.

Funds raised under the Convertible Notes will be used by Zelda to:

- (a) fund operations with UCM as detailed in Section 1.4 above;
- (b) provide working capital for Zelda pending completion of the Proposed Transaction; and
- (c) provide a contingency in the event that the Proposed Transaction is delayed or the conditions to the Proposed Transaction are not satisfied.

Under the terms of the Convertible Notes, if the Acquisition completes, the Convertible Notes will automatically convert into Shares in the Company on the basis of a conversion price that is the equivalent to a discount of 20% to the issue price of Shares issued under the Equity Raising (being a conversion price of \$0.02 if the Equity Raise is undertaken at the price of \$0.025 per Share).

Accordingly, the Company proposes to issue a total of up to 52.5 million Shares (on a Post-Consolidation basis) at a deemed issue price of \$0.02 per Share (**Conversion Shares**) to the Zelda Noteholders upon conversion of the Convertible Notes.

Shareholders should note that the passing of Resolution 5 is conditional upon, and subject to the other Transaction Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 5, you should also vote in favour of the other Transaction Resolutions.

10.2 Regulatory Requirements

A summary of Listing Rule 7.1 is set out in Section 8.2. The securities proposed to be issued under Resolution 5 comprise 30.3% of the Company's issued capital (based on the number of Shares on issue as at the date of this Notice of General Meeting).

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised of the following information:

- (a) **Maximum number of securities to be issued**
The Company intends to issue up to 52.5 million Shares (on a Post-Consolidation basis).
- (b) **Date of issue**
The Conversion Shares will be issued on the completion date of the Acquisition, and in any event not later than three months after the date of the Meeting (or such

later date as permitted by any ASX waiver or modification of the Listing Rules). It is anticipated that the allotment will occur on the same date.

(c) **Issue price**

As noted above, the Convertible Notes automatically converts into Shares at a conversion price that is equivalent to a discount of 20% of the issue price of the Shares under the Equity Raising. The Conversion Shares will be issued at a deemed issue price of not less than \$0.02 per Share (on a Post-Consolidation basis) assuming the Equity Raise is undertaken at the price of \$0.025 per Share.

(d) **The names of the persons to whom the entity will issue the securities or the basis on which those persons will be determined**

The Conversion Shares will be issued to the Zelda Noteholders, none of whom are related parties of the Company, nor will any one of them hold an interest of 20% or greater in the capital of the Company as a result.

(e) **Terms of the securities**

The Conversion Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

(f) **Intended use of the funds raised**

The Conversion Shares will be issued for nil cash in consideration for the conversion of the Convertible Notes. Accordingly, no funds will be raised from the issue of the Conversion Shares.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 5 is included in the Notice of General Meeting preceding this Explanatory Statement.

10.3 **Escrow restrictions**

ASX may apply trading restrictions to some of the Conversion Shares. As at the date of this Notice, ASX has not made a determination in this regard but is expected to do so prior to any final approval for the re-instatement of the Company's securities on the ASX.

11. **RESOLUTION 6 – APPROVAL OF SHARES FOR THE EQUITY RAISING**

11.1 **Background**

Resolution 6 seeks Shareholder approval for the issue of up to 160,000,000 Shares (on a Post-Consolidation basis) at an issue price of not less than \$0.025 (**Equity Raising**).

The Company intends to conduct the Equity Raising through the issue of the Prospectus to be prepared by the Company, as part of its re-compliance with Chapters 1 and 2 of the Listing Rules.

The Company considers that it requires a minimum of \$3,000,000 in order to complete the Proposed Transaction, fund the Company's future activities, pay for the costs of re-complying with Chapters 1 and 2 of the Listing Rules and fund the working capital requirements of the Company.

The quantum of capital raised will depend on investor interest and market factors at the relevant time.

The issue price of Shares and hence the quantum of Shares issued under the Equity Raising, if it proceeds, will depend on the market price of the Company's Shares traded on ASX at the relevant time.

Shareholders should note that the passing of Resolution 6 is conditional upon, and subject to the other Transaction Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 6, you should also vote in favour of the other Transaction Resolutions.

11.2 Regulatory Requirements

A summary of Listing Rule 7.1 is set out in Section 8.2. The issue the Shares pursuant to Resolution 6 will exceed the 15% limit and therefore requires the approval of Shareholders. Assuming that the Shares are issued at a minimum issue price of \$0.025 and that \$4,000,000 is raised under the Equity Raising, the securities proposed to be issued under Resolution 6 comprise 132.61% of the Company's issued capital (based on the number of Shares on issue as at the date of this Notice of General Meeting).

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised of the following information:

- (a) **Maximum number of securities to be issued**
The Company intends to issue up to 160,000,000 Shares (on a Post-Consolidation basis).
- (b) **Date of issue**
The Shares will be issued no later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). It is anticipated that the allotment will occur on the same date.
- (c) **Issue price**
The Shares will be issued at an issue price of not less than \$0.025 per Offer Share.
- (d) **The names of the persons to whom the entity will issue the securities or the basis on which those persons will be determined**
The identity of the persons to whom the Company will issue the Shares is not yet known. However, the Directors will issue the Shares to eligible overseas and Australian investors pursuant to the Prospectus. None of the subscribers will hold an interest of 20% or greater in the capital of the Company as a result of the issue pursuant to the Equity Raising.
- (e) **Terms of the securities**
The Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.
- (f) **Intended use of the funds raised**
The Company intends to use the amounts raised from the Equity Raising as set out in Section 1.10.
- (g) **Voting exclusion statement**
A voting exclusion statement for Resolution 6 is included in the Notice of General Meeting preceding this Explanatory Statement.

12. RESOLUTION 7 – CHANGE OF COMPANY NAME

Resolution 7 seeks approval for the Company to change its company name from 'Gleneagle Gold Limited' to 'Zelda Therapeutics Limited'.

Pursuant to section 157(1)(a) of the Corporations Act, the Company may change its company name by special resolution, which requires the approval of 75% of the Shareholders attending and entitled to vote at the Meeting.

This change will not, in itself, affect the legal status of the Company or any of its assets or liabilities.

Resolution 7 is subject to and conditional upon the passing of other Transaction Resolutions and will immediately take effect from the date of completion of the Proposed Transaction to reflect the expanded focus of the Company to include Zelda's business.

13. RESOLUTION 8 – REPLACEMENT OF CONSTITUTION

13.1 Background

A company may modify or repeal its Constitution or a provision of its Constitution by special resolution of Shareholders.

Resolution 8 is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new Constitution (**Proposed Constitution**). The Proposed Constitution is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and Listing Rules.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- (a) updating references to bodies or legislation which have been renamed (e.g. references to the SCH Business Rules); and
- (b) expressly providing for material statutory rights by mirroring these rights in provisions of the Proposed Constitution

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out in Schedule 2.

The Proposed Constitution contains proportional takeover provisions that enable the Company to refuse to register Shares acquired under a proportional takeover bid unless approved by a Resolution of Shareholders. Provisions such as these require specific information to be provided to Shareholders at the time the provisions are adopted. This information is set in Schedule 2.

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website www.gleneaglegold.net.au and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 6268 2622).

Shareholders are invited to contact the Company if they have any queries or concerns.

If this Resolution is approved, the Proposed Constitution will be adopted with effect from the close of the Meeting.

14. RESOLUTIONS 9 TO 12 – ELECTION OF PROPOSED DIRECTORS

14.1 Background

In accordance with the terms of the Heads of Agreement, upon completion of the Acquisition, it is intended that the current Directors will resign as Directors of the Company and the following Proposed Directors will be appointed as Directors of the Company with effect on and from the date of completion of the Acquisition:

- (a) Mr Harry Karelis (Executive Chairman);
- (b) Mr Jason Peterson (Non-executive Director);
- (c) Dr Stewart Washer (Non-executive Director); and
- (d) Ms Mara Gordon (Non-executive Director).

Pursuant to rule 11.2 of the Company's Constitution, the Company may elect a person as a Director by resolution passed in general meeting.

Resolutions 9 to 12 seek approval for the Company to elect the Proposed Directors to the Board with effect upon completion of the Acquisition. Profiles of each of the Proposed Directors are outlined below. Approval under each of Resolutions 9 to 12 is subject to the passing of all other Transaction Resolutions.

Shareholders should note that the passing of Resolutions 9 to 12 is conditional upon, and subject to the other Transaction Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolutions 9 to 12, you should also vote in favour of the other Transaction Resolutions.

14.2 Mr Harry Karelis, Executive Chairman

Mr Harry Karelis is the founder of Titan Capital Partners, a privately held investment group involved in a range of projects and has in excess of 24 years diversified experience in the financial services sector including fundamental analysis, funds management and private equity investing and has acted as a Director on several public and private companies in Australia, Singapore and the United Kingdom. Mr Karelis graduated from The University of Western Australia with Bachelors and Honours in Science majoring in Biochemistry and Microbiology and a Masters in Business Administration. He is also a Fellow of the Financial Services Institute of Australia, a Fellow of the Australian Institute of Company Directors and has qualified as a Chartered Financial Analyst (CFA) from the CFA Institute in the United States. Mr Karelis resides in Australia.

14.3 Mr Jason Peterson, Non-executive Director

Mr Jason Peterson is a Director, major shareholder and Head of Corporate of boutique stock broking and corporate advisory firm, CPS Capital and has more than 19 years of experience in the financial advisory sector, which he obtained by working in both local and international stockbroking companies such as Patersons Securities Limited, Tolhurst Group, and Merrill Lynch. He specialises in corporate structuring, capital raisings, corporate and strategic advice to small and medium size companies and reverse takeovers. Mr Peterson holds a Bachelor of Commerce degree from Curtin University and a Graduate Diploma of Finance from FINSIA (Financial Services Institute of Australia)/SDIA (Securities & Derivatives Institute of Australia). Mr Peterson resides in Australia.

14.4 Dr Stewart Washer, Non-executive Director

Dr Stewart Washer has over 20 years of experience acting in executive and board roles in medical technology, biotech and agri-food industries. He is currently Chairman of ASX-listed Orthocell Ltd (a company focussed on culturing tendon cells to repair damaged tendons), ASX-listed Cynata Therapeutics Ltd (a company focussed on developing stem cell therapies) and privately-held Minomic International Ltd (a company focussed on accurate non-invasive test for prostate cancer). Dr Washer has also held several past senior executive roles including CEO of Celentis Ltd and managed the commercialisation of intellectual property from AgResearch in New Zealand. Dr Washer resides in Australia.

14.5 Ms Mara Gordon, Non-executive Director

Ms Mara Gordon is the founder of Aunt Zelda's, a Californian-based business focused on producing high quality medicinal cannabis products. She is an invited speaker to many of the world's leading medical cannabis conferences and enjoys a high profile in the media. The documentary "Weed the People" due for release in 2016 follows Ms Gordon and several of her patients over the course of their treatment. She also sits on the advisory board of Washington-based New Frontier Financial group – a group specialising in collecting and analysing data for the cannabis industry. Ms Gordon graduated from the University of North Texas with a Bachelor of Arts (Political Science) and resides in California.

15. RESOLUTIONS 13 TO 17 – APPROVAL OF ISSUE OF SECURITIES

15.1 Background

As described in Section 1.7, under the Heads of Agreement, the Company has agreed to issue:

- (a) a total of 16,000,000 Shares (on a Post-Consolidation basis) to CPS Capital (or its nominee) (**Advisory Shares**); and
- (b) a total of 23,000,000 unlisted Options (on a Post-Consolidation basis), each exercisable at a price equal to 125% of the issue price under the Equity Raising on or before the date that is 5 years from the date of grant to each of Messrs Harry Karelis, Jason Peterson, Dr Stewart Washer and Gabriel Chiappini (or their respective nominees) in the proportions set out in Resolutions 13 to 17 (**Executive Options**),

in consideration for services provided to the Company in connection with the Proposed Transaction.

As set out in Section 14, each of Messrs Karelis, Peterson and Dr Washer are Proposed Directors of the Company. In addition it is proposed that Mr Chiappini will be appointed as Company Secretary of the Company following completion of the Proposed Transaction.

Listing Rule 10.11 provides that, unless a specified exception applies, a company must not issue or agree to issue securities to a related party without the approval of ordinary shareholders.

A “related party”, for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act, and relevantly includes under section 228(6) of the Corporations Act an entity (including an individual) to whom the Company has reasonable grounds to believe is likely to become a related party of the Company at any time in the future. As such, the Proposed Directors of the Company are considered to be related parties of the Company.

Pursuant to Listing Rule 10.12 exception 6, shareholder approval under Listing Rule 10.11 is not required where the person is a related party by reason only of the transaction which is the reason for the issue of the securities and the application to it of section 228(6) Corporations Act. The Directors are of the view that the Proposed Directors are considered to be related parties of the Company only by reason of the Proposed Transaction and the application of section 228(6) of the Corporations Act. Accordingly, Resolutions 14 to 16 do not seek approval under Listing Rule 10.11 for the issue of the Executive Options to the Proposed Directors.

Resolutions 13 to 17 therefore seek Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Advisory Shares to CPS Capital (or its nominee), and the issue of the Executive Options to Messrs Karelis, Peterson, Chiappini, and Dr Washer (or their respective nominees). Approval under Resolutions 13 to 17 is subject to the passing of all other Transaction Resolutions and completion of the Proposed Transaction.

Shareholders should note that the passing of Resolution 13 is conditional upon, and subject to the other Transaction Resolutions being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 13, you should also vote in favour of the other Transaction Resolutions.

15.2 Regulatory Requirements: Listing Rule 7.3

A summary of Listing Rule 7.1 is set out in Section 0. The issue of the Advisory Shares and Executive Options pursuant to Resolutions 13 to 17 will exceed the 15% limit and therefore requires the approval of Shareholders. The securities proposed to be issued under Resolutions 13 to 17 comprise 32.33% of the Company’s issued capital (based on the number of Shares on issue as at the date of this Notice of General Meeting).

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised of the following information:

- (a) **Maximum number of securities to be issued**

The Company intends to issue up to 16,000,000 Shares and 23,000,000 Options (on a Post-Consolidation basis).

(b) **Date of issue**

The Advisory Shares and Executive Options will be issued no later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules). It is anticipated that the allotment will occur on the same date.

(c) **Issue price**

The Advisory Shares will be issued in consideration for the provision of services to the Company. No funds will be raised from the issue..

The Executive Options will be issued at \$0.0001 per Option. The exercise price for Shares issued on the exercise of the Executive Options will be at a price per Option equal to 125% of the issue price per Offer Share under the Equity Raising pursuant to Resolution 6.

(d) **The names of the persons to whom the entity will issue the securities or the basis on which those persons will be determined**

The Advisory Shares will be issued to CPS Capital (or its nominee) who is not a related party of the Company.

The Executive Options the subject of Resolutions 14 to 17 will be issued to Messrs Karelis, Peterson, Dr Washer and Chiappini (or their respective nominees) in the proportion set out in Resolutions 14 to 17. Each of Messrs Karelis and Peterson, and Dr Washer is a Proposed Director of the Company and accordingly, pursuant to section 228(6) Corporations Act, are considered to be related parties of the Company. Mr Chiappini is not a related party of the Company. However, as set out above, it is proposed that Mr Chiappini will be appointed as Company Secretary of the Company following completion of the Proposed Transaction.

(e) **Terms of the securities**

The Advisory Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

The Executive Options will be issued on the terms and conditions set out in Schedule 1. The Company will not apply to ASX for official quotation of the Executive Options.

(f) **Intended use of the funds raised**

The Advisory Shares are being issued in lieu of corporate fees and accordingly no funds will be raised from the issue.

The Executive Options are being issued for a nominal amount only and accordingly, the funds raised from the issue of the Executive Options will be used for working capital expenses.

The Company intends to use the funds raised on exercise of the Executive Options for the same purposes as set out in section 1.10.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolutions 13 to 17 is included in the Notice of General Meeting preceding this Explanatory Statement.

15.3 Regulatory Requirements: Corporations Act

Chapter 2E of the Corporations Act regulates the provision of "financial benefits" to "related parties" by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or

- (b) prior shareholder approval is obtained to the giving of the financial benefit.

As set out above, in accordance with section 228(6) Corporations Act, the Proposed Directors of the Company are considered to be related parties of the Company for the purposes of Section 208 of the Corporations Act.

A “financial benefit” is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

The issue of the Executive Options under Resolutions 14 to 16 to the Proposed Directors constitutes the provision of a financial benefit to a related party.

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 14 to 16.

- (a) **Identity of the related parties to whom Resolutions 14 to 16 permits financial benefits to be given.**

The Executive Options the subject of Resolutions 14 to 16 will be issued to Messrs Karelis and Peterson, and Dr Washer (or their respective nominees) in the proportion set out in Resolutions 14 to 16. Each of Messrs Karelis and Peterson, and Dr Washer is a Proposed Director of the Company and accordingly, pursuant to section 228(6) Corporations Act, are considered to be related parties of the Company.

- (b) **Nature of the financial benefit**

Resolutions 14 to 16 seek approval from Shareholders to allow the Company to issue the Executive Options set out at section 15.1(b) above. The Executive Options will be issued on the terms and conditions set out in Schedule 1.

The Directors consider that the grant of the Executive Options to the Proposed Directors pursuant to Resolutions 14 to 16 is an appropriate form of remuneration on the basis that it will allow the Company to adequately reward and incentivise Messrs Karelis and Peterson and Dr Washer whilst preserving the Company's limited cash reserves.

- (c) **Valuation of financial benefit**

Hoadley's “hoadleyOptions1” option valuation model has been applied in providing valuation information in respect to the Executive Options the subject of Resolutions 14 to 16 to be issued to certain Proposed Directors. Further information on the model can be found at www.hoadley.net

Assumptions	
Valuation Date	17 May 2016
Market Price of Shares (at Valuation Date) ¹	0.025
Exercise Price (hypothetical exercise price) ²	0.031
Expiry Period ³	5 years
Risk Free Interest Rate ⁴	2%
Volatility ⁵	80%
Vesting Conditions	N/A
Indicative value per Option:	0.0151

Notes:

1. The market price of shares is assumed to be equal to the minimum issue price under the Equity Raising.
2. The exercise price is assumed to be 125% of the minimum issue price under the Equity Raising.
3. The expiry date is deemed to be 5 years from the date of grant.
4. The risk free rate has been determined based on the yield of Commonwealth bonds using a three year bond, being the period which most closely corresponds to the remaining life of the Options. The interest rates are measured as the closing rate on the day prior to the valuation date.
5. Expected future volatility is assumed to be a volatility of 80% for the Company's Share price, this is calculated and based on historical volatility over recent trading period.

	Number of Options post consolidation	Value (based on Indicative Value per Options
Mr Harry Karelis	6,000,000	\$90,600
Mr Jason Peterson	8,000,000	120,800
Mr Stewart Washer	6,000,000	\$90,600
Total Indicative Value of Options	20,000,000	\$302,000

(d) **Dilution**

If the Executive Options the subject of Resolutions 14 to 16 to be issued to the Proposed Directors are exercised, the effect will be to dilute the shareholdings of other Shareholders. The issue of those Executive Options will in aggregate be equal to approximately 3.08% of the Company's fully-diluted share capital assuming implementation of all the Resolutions and exercise of all the Executive Options granted pursuant to Resolutions 14 to 16 and assuming a minimum of \$3,000,000 is raised under the Equity Raising at an issue price of \$0.025 per Offer Share, resulting in a total of 649,127,672 Shares on issue.

(e) **Interests of Directors in the Company**

The direct and indirect interests of the Proposed Directors that are to receive Executive Options under Resolutions 14 to 16, in securities of the Company as at the date of this Notice of General Meeting are:

Name	Security (Post-Consolidation)
Mr Harry Karelis	6,666,667 Shares
Mr Jason Peterson	14,543,775 Shares
Dr Stewart Washer	2,800,000 Shares

15.4 Escrow restrictions

ASX may apply trading restrictions to some of the Advisory Shares and Executive Options. As at the date of this Notice, ASX has not made a determination in this regard but is expected to do so prior to any final approval for the re-instatement of the Company's securities on the ASX.

15.5 Board Recommendation

The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Executive Options to Dr Washer, Messrs Karelis, Peterson and Chiappini pursuant to Resolutions 14 to 17.

None of the Directors have a material personal interest in the outcome of Resolutions 14 to 17 and each of the Directors recommend that Shareholders vote in favour of Resolutions 14 to 17 on the basis that the grant of the Executive Options will allow the Company to adequately reward and incentivise Messrs Karelis and Peterson and Dr Washer.

16. RESOLUTIONS 18 AND 19 – APPROVAL TO ISSUE MANAGEMENT OPTIONS TO DIRECTORS

16.1 Background

As described in Section 1.7, under the terms of the Heads of the Agreement, the Directors and the Company Secretary of the Company are entitled to receive 15,000,000 unlisted Options to acquire Shares (on a Post-Consolidation basis), each exercisable at a price equal to 125% of the issue price under the Equity Raising on or before the date that is 5 years from the date of grant to each of Messrs Ian Love, Wayne Loxton and Neville Basset (**Management Options**) in the proportions set out in Resolutions 18 to 20 in consideration for services provided to the Company.

The issue of the Options under Resolutions 18 and 19 will comprise approximately 8.29% of the Company's issued capital (based on the number of Shares (on a pre-Consolidation basis) on issue as at the date of this Notice of General Meeting).

16.2 Regulatory Requirements: Listing Rules

Listing Rule 10.11 provides that, unless a specified exception applies, a company must not issue or agree to issue securities to a related party without the approval of ordinary shareholders. A "related party", for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act, and includes the directors of a company.

As such, Shareholder approval is sought under Listing Rule 10.11 as Resolutions 18 and 19 propose the issue of securities to Messrs Ian Love and Wayne Loxton, both of whom are related parties of the Company by virtue of their directorship. Approval under Resolutions 18 and 19 is subject to the passing of all Transaction Resolutions and completion of the Proposed Transaction.

As Shareholder approval is being sought under Listing Rule 10.11, approval is not also required under Listing Rule 7.1.

In compliance with the information requirements of Listing Rule 10.13, Shareholders are advised of the following information:

(a) Name of person to receive securities

The Options will be issued to Messrs Ian Love and Wayne Loxton (or their respective nominees).

(b) Maximum number of securities to be issued

The maximum number of Options that may be issued to the Directors under Resolutions 18 and 19 is 10,000,000 on a post-Consolidation basis, to be distributed amongst the Directors in accordance with the following table:

Related Party	Maximum number of Options post consolidation
Mr Ian Love	5,000,000
Mr Wayne Loxton	5,000,000

(c) Date of issue

The Company anticipates that the Options will be issued on a date which will be no later than 1 month after the date of the General Meeting (or such later date as permitted by ASX waiver or modification of the Listing Rules).

(d) Relationship with the Company

The Options the subject of Resolutions 18 and 19 are proposed to be issued to Messrs Ian Love and Wayne Loxton (or their respective nominees), both of whom are Directors of the Company and as such, are related parties of the Company.

(e) **Issue price**

The Options will be issued for \$0.0001 per Option. The exercise price for Shares issued on the exercise of the Options will be at a price per Option equal to 125% of the issue price per Offer Share under the Equity Raising pursuant to Resolution 6.

(f) **Terms of issue**

The Options will be issued on the terms and conditions set out in Schedule 1.

The Company will not apply to ASX for official quotation of the Options.

(g) **Intended use of the funds raised**

The Options are being issued for a nominal amount only, in consideration for past and future services to be provided to the Company, and accordingly, the funds raised from the issue of the Options will be used for working capital expenses.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolutions 18 and 19 is included in the Notice of General Meeting preceding this Explanatory Statement.

16.3 **Regulatory Requirements: Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of “financial benefits” to “related parties” by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

A “related party” is widely defined under the Corporations Act, and includes the directors of the company. As such, the Directors of Gleneagle are related parties of the Company for the purposes of section 208 of the Corporations Act.

A “financial benefit” is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

The issue of the Options under Resolutions 18 and 19 constitutes the provision of a financial benefit to a related party.

In compliance with the information requirements of section 219 of the Corporations Act, Shareholders are advised of the information below. Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolutions 18 and 19.

(c) **Identity of the related parties to whom Resolutions 18 and 19 permit financial benefits to be given.**

The Options the subject of Resolutions 18 and 19 are proposed to be issued to Messrs Ian Love and Wayne Loxton (or their respective nominees), both of whom are Directors of the Company and as such, are related parties of the Company.

(d) **Nature of the financial benefit**

Resolutions 18 and 19 seek approval from Shareholders to allow the Company to issue the Options set out at section 16.2(b) above. The Options will be issued on the terms and conditions set out in Schedule 1.

The Directors (other than Messrs Love and Loxton) consider that the grant of Management Options to Messrs Love and Loxton pursuant to Resolutions 18 and 19 is an appropriate form of remuneration in recognition of past services to the Company on the basis that it will allow the Company to adequately reward and incentivise Messrs Love and Loxton whilst preserving the Company's limited cash reserves.

(e) **Valuation of financial benefit**

Hoadley's "hoadleyOptions1" option valuation model has been applied in providing valuation information in respect to the Options the subject of Resolutions 18 and 19 to be issued to the Directors, details of which are set out in Section 15.3(c). Based on this model, the value of the Options to be issued to the Directors are as follows:

	Number of Options Post consolidation	Value (based on Indicative Value per Options)
Mr Ian Love	5,000,000	\$75,500
Mr Wayne Loxton	5,000,000	\$75,500
Total Indicative Value of Options	10,000,000	\$150,000

(f) **Dilution**

If the Options the subject of Resolutions 18 and 19 are exercised, the effect will be to dilute the shareholdings of other Shareholders. The issue of the Options will in aggregate be equal to approximately 1.56% of the Company's fully-diluted share capital assuming implementation of all the Resolutions and exercise of all the Management Options granted pursuant to Resolutions 18 and 19, resulting in a total of 639,127,672 Shares on issue

(g) **Interests of Directors in the Company**

The direct and indirect interests of Messrs Love and Loxton in securities of the Company as at the date of this Notice of General Meeting are:

Name	Security (Post-consolidation)
Mr Ian Love	1,768,792 Shares
Mr Wayne Loxton	12,608,096 Shares

(h) **Remuneration of Directors**

Details of the remuneration of Messrs Ian Love and Wayne Loxton, including their related entities, for the year ended 30 June 2015 and the expected remuneration for the year ended 30 June 2016, is set out below. As described in Section 0, the Proposed Transaction proceeds, both Directors will resign as Directors of the Company.

Name	Remuneration for FY 14/15	Expected remuneration for FY 15/16
Mr Ian Love	\$60,000	\$60,000
Mr Wayne Loxton	\$60,000	\$60,000

16.4 Section 195(4) Corporations Act

Each of the Directors (other than Mr Davies) has a material personal interest in the outcome of Resolutions 18 and 19 (as applicable to Messrs Love and Loxton) in this Notice of

Meeting by virtue of the fact that Resolutions 18 and 19 are concerned with the issue of Options to Messrs Love and Loxton

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at Board meetings necessary to carry out the terms of these Resolutions.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to determine.

16.5 Escrow restrictions

ASX may apply trading restrictions to some of the Management Options. As at the date of this Notice, ASX has not made a determination in this regard but is expected to do so prior to any final approval for the re-instatement of the Company's securities on the ASX.

16.6 Board Recommendation

The Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Options to Messrs Love and Loxton pursuant to Resolutions 18 and 19.

The Directors, other than Messrs Ian Love and Wayne Loxton who have a material personal interest in the outcome of Resolutions 18 and 19 recommend that Shareholders vote in favour of Resolutions 18 and 19 on the basis that the grant of the Options to Messrs Love and Loxton is appropriate form of remuneration in recognition of past services to the Company as it will allow the Company to adequately reward and incentivise Messrs Love and Loxton whilst preserving the Company's limited cash reserves.

17. RESOLUTION 20 – APPROVAL TO ISSUE MANAGEMENT OPTIONS TO MR NEVILLE BASSETT

17.1 Background

As described in Section 1.7, under the terms of the Heads of the Agreement, the Directors and the Company Secretary of the Company are entitled to receive 15,000,000 Management Options (Post-Consolidation) in consideration for past services provided to the Company.

The issue of the Options under Resolution 20 will be equal to approximately 4.15% of the Company's issued capital (based on the number of Shares (on a pre-Consolidation basis) on issue as at the date of this Notice of General Meeting).

17.2 Regulatory Requirements

A summary of Listing Rule 7.1 is set out in Section 8.2. Approval under Resolution 20 is subject to the passing of all Transaction Resolutions and completion of the Proposed Transaction.

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised of the following information:

(a) Maximum number of securities to be issued

The Company intends to issue up to 5,000,000 Options (on a Post-Consolidation basis).

(b) Date of issue

The Options the subject of Resolution 20 will be issued no later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or

modification of the Listing Rules). It is anticipated that the allotment will occur on the same date.

(c) **Issue price**

The Options will be issued for \$0.0001 per Option. The exercise price for Shares issued on the exercise of the Options will be at a price per Option equal to 125% of the issue price per Offer Share under the Equity Raising pursuant to Resolution 6.

(d) **The names of the persons to whom the entity will issue the securities or the basis on which those persons will be determined**

The Options the subject of Resolution 20 will be issued to Mr Neville Bassett who is not a related party of the Company.

(e) **Terms of the securities**

The Options will be issued on the terms and conditions set out in Schedule 1. The Company will not apply to ASX for official quotation of the Options.

(f) **Intended use of the funds raised**

The Options are being issued for a nominal amount only, in consideration for past and future services to be provided to the Company, and accordingly, the funds raised from the issue of the Options will be used for working capital expenses.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 20 is included in the Notice of General Meeting preceding this Explanatory Statement.

17.3 **Escrow restrictions**

ASX may apply trading restrictions to some of the Management Options. As at the date of this Notice, ASX has not made a determination in this regard but is expected to do so prior to any final approval for the re-instatement of the Company's securities on the ASX.

18. **RESOLUTION 21 – APPROVAL OF SECURITIES ISSUE TO MERCHANT**

18.1 **Background**

As described in Section 1.7, the Company has agreed to issue a total of 2,000,000 unlisted Options to acquire Shares (on a Post-Consolidation basis), each exercisable at a price equal to 125% of the issue price under the Equity Raising on or before the date that is 5 years from the date of grant to Merchant (**Merchant Options**).

18.2 **Regulatory Requirements**

A summary of Listing Rule 7.1 is set out in Section 8.2. The issue of the Options pursuant to Resolution 21 will exceed the 15% limit and therefore requires the approval of Shareholders. Approval under Resolution 21 is subject to the passing of all Transaction Resolutions and completion of the Proposed Transaction.

The securities proposed to be issued under Resolution 21 comprise approximately 1.66% of the Company's issued capital (based on the number of Shares (on a pre-Consolidation basis) on issue as at the date of this Notice of General Meeting).

In compliance with the information requirements of Listing Rule 7.3, Shareholders are advised of the following information:

(a) **Maximum number of securities to be issued**

The Company intends to issue up to 2,000,000 Options (on a Post-Consolidation basis).

(b) **Date of issue**

The Options the subject of Resolution 21 will be issued no later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver or

modification of the Listing Rules). It is anticipated that the allotment will occur on the same date.

(c) **Issue price**

The Options will be issued for \$0.0001 per Option. The exercise price for Shares issued on the exercise of the Options will be at a price per Option equal to the issue price per Offer Share under the Equity Raising pursuant to Resolution 6.

(d) **The names of the persons to whom the entity will issue the securities or the basis on which those persons will be determined**

The Options the subject of Resolution 21 will be issued to Merchant who is not a related party of the Company.

(e) **Terms of the securities**

The Options will be issued on the terms and conditions set out in Schedule 1. The Company will not apply to ASX for official quotation of the Options.

(f) **Intended use of the funds raised**

The Options are being issued for a nominal amount only, in consideration for services provided to the Company in connection with the Proposed Transaction, and accordingly, the funds raised from the issue of the Options will be used for working capital expenses.

(g) **Voting exclusion statement**

A voting exclusion statement for Resolution 21 is included in the Notice of General Meeting preceding this Explanatory Statement.

18.3 Escrow restrictions

ASX may apply trading restrictions to some of the Merchant Options. As at the date of this Notice, ASX has not made a determination in this regard but is expected to do so prior to any final approval for the re-instatement of the Company's securities on the ASX.

18.4 Board Recommendation

The Board believes that the proposed issue is beneficial for the Company and recommends Shareholders vote in favour of Resolution 21. It will allow the Company to retain the flexibility to issue further Equity Securities representing up to 15% of the Company's share capital during the next 12 months.

19. RESOLUTIONS 22 TO 24 – PARTICIPATION IN EQUITY RAISING BY MESSRS IAN LOVE, WAYNE LOXTON AND LEON DAVIES

19.1 Background

The following Directors wish to participate in the Equity Raising (**Participating Directors**):

- (a) Mr Ian Love;
- (b) Mr Wayne Loxton; and
- (c) Mr Leon Davies.

Resolutions 22 to 24 seek approval pursuant to Listing Rule 10.11 to issue Shares to the Participating Directors should they elect to subscribe for Shares under the Equity Raising.

Each of Resolutions 22 to 24 are conditional on the Transaction Resolutions being passed, meaning that in order for Resolutions 22 to 24 to have effect, each of the Transaction Resolutions must also be passed by Shareholders.

19.2 Regulatory Requirements: Listing Rules

Listing Rule 10.11 provides that, unless a specified exception applies, a company must not issue or agree to issue securities to a related party without the approval of ordinary

shareholders. A “related party”, for the purposes of the Listing Rules, has the meaning given to it in the Corporations Act, and includes the directors of a company.

As such, Shareholder approval is sought under Listing Rule 10.11 as Resolutions 22 to 24 propose the issue of Shares under the Equity Raising to the Participating Directors of the Company, who are related parties of the Company by virtue of their directorships. To the extent that the issue of Shares are made to the related parties, this will constitute part of the Shares approved by Shareholders under Resolution 6.

As Shareholder approval is being sought under Listing Rule 10.11, approval is not also required under Listing Rule 7.1.

19.3 Listing Rule 10.13

In compliance with the information requirements of Listing Rule 10.13, Shareholders are advised of the following information:

(a) **Name of person to receive securities**

The Shares the subject of Resolutions 22 to 24 will be issued to Messrs Love, Loxton, and Davies (or their respective nominees).

(b) **Maximum number of securities to be issued**

The maximum number of Shares that may be issued to the Participating Directors under Resolutions 22 to 24 is dependent on the issue price (see Section 19.3(e) below). The maximum amount the Participating Directors will subscribe is \$100,000 and based on a minimum issue price of \$0.025, the number of Shares each Participating Director may subscribe for is as follows:

Related Party	Maximum Amount	Maximum number of Shares ¹
Ian Love	\$100,000	4,000,000
Wayne Loxton	\$100,000	4,000,000
Leon Davies	\$100,000	4,000,000

Note:

1. The above figures assume that the Shares are issued at an issue price of \$0.025.

(c) **Date of issue**

The Company anticipates that the Shares the subject of Resolutions 22 to 24 will be issued on a date that is no later than 1 month after the date of the General Meeting (or such later date as permitted by ASX waiver or modification of the Listing Rules).

(d) **Relationship with the Company**

The Shares the subject of Resolutions 22 to 24 are proposed to be issued to the Participating Directors, each of whom are related parties of the Company.

(e) **Issue price**

The price per Offer Share to be subscribed for under the Equity Raising is equal to the issue price per Offer Share under the Equity Raising pursuant to Resolution 6.

(f) **Terms of issue**

The Shares will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company’s existing Shares and rank equally in all respects with the existing Shares.

(g) **Intended use of the funds raised**

The Company intends to use the amounts raised from the Equity Raising as set out in Section 1.10.

(h) **Voting exclusion statement**

A voting exclusion statement for Resolutions 22 to 24 is included in the Notice of General Meeting preceding this Explanatory Statement.

19.4 Regulatory Requirements: Corporations Act

Chapter 2E of the Corporations Act regulates the provision of “financial benefits” to “related parties” by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

A “related party” is widely defined under the Corporations Act, and includes the directors of the company. As such, the Participating Directors are related parties of the Company for the purposes of section 208 of the Corporations Act.

A “financial benefit” is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

The proposed issue of the Shares under Resolutions 22 to 24 constitutes the provision of a financial benefit to a related party.

One of the nominated exceptions to the requirement to obtain shareholder approval under Chapter 2E of the Corporations Act is where the provision of the financial benefit is on terms that would be reasonable in the circumstances if the Company and the related party were dealing at arm’s length (or on terms less favourable than arm’s length). Given the Directors will be participating in the Equity Raising on the same arm’s length terms as the parties who are not related parties of the Company, the Board considers the issue of Shares under Resolutions 22 to 24 to constitute provision of a financial benefit on arms length terms, and accordingly that Shareholder approval under Chapter 2E of the Corporations Act is not required.

19.5 Section 195(4) Corporations Act

Each of the Directors has a material personal interest in the outcome of Resolutions 22 to 24 (as applicable to each Director) in this Notice of Meeting by virtue of the fact that Resolutions 18 and 19 are concerned with the issue of Shares to Directors.

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

In the absence of Shareholder approval under section 195(4) of the Corporations Act, the Directors may not be able to form a quorum at Board meetings necessary to carry out the terms of these Resolutions.

The Directors have accordingly exercised their right under section 195(4) of the Corporations act to put the issue to Shareholders to determine.

19.6 Board recommendation

Each of the Directors has a material personal interest in the outcome of Resolutions 22 to 24 and accordingly do not make a voting recommendation to Shareholders.

20. RESOLUTION 25 – APPROVAL OF EMPLOYEE SHARE OPTION PLAN

20.1 Background

The Directors considered that it was desirable to establish an employee equity incentive plan pursuant to which employees may be offered the opportunity to be granted Options

(**ESOP Options**) to acquire Shares in the Company. Accordingly, subject to the Proposed Transaction completing, the Directors propose to adopt the Zelda Therapeutics Limited Employee Share Option Plan (**Plan**).

The purpose of the Plan is to:

- (a) reward employees and consultants of the Company;
- (b) assist in the retention and motivation of employees and consultants of the Company;
- (c) provide an incentive to employees and consultants of the Company to grow shareholder value by providing them with an opportunity to receive an ownership interest in the Company.

The Board is seeking shareholder approval for the Plan in accordance with the ASX Corporate Governance Council's Principles and Recommendations (3rd Edition).

In addition, approval is sought under Listing Rule 7.2 (Exception 9(b)) which provides an exemption from the Listing Rule 7.1 15% annual limit on securities issued under an employee share incentive scheme provided, within three years before the date of issue, shareholders have approved the issue of securities under the plan. In the absence of such approval, the issue can still occur but is counted as part of the Listing Rule 7.1 15% limit which would otherwise apply during a 12 month period.

Approval under Resolution 25 is subject to the passing of all Transaction Resolutions.

20.2 Regulatory Requirements – Listing Rules

The following information is provided to Shareholders for the purpose of Listing Rule 7.2 Exception 9(b):

- (a) this is the first approval sought under Listing Rule 7.2 Exception 9(b) with respect to the Plan. Accordingly, no ESOP Options have previously been issued under the Plan.
- (b) a summary of the terms of the Plan is set out in Schedule 3; and
- (c) a voting exclusion statement for Resolution 25 is included in the Notice of General Meeting preceding this Explanatory Statement.

20.3 Regulatory Requirements – Corporations Act

The Corporations Act restricts the benefits that can be given to persons who hold a "managerial or executive office" (as defined in the Corporations Act) on leaving their employment with the Company or any of its related bodies corporate.

Under Section 200B of the Corporations Act, a company may only give a person a benefit in connection with them ceasing to hold a managerial or executive office if the benefit is approved by shareholders or an exemption applies.

The term "benefit" has a wide meaning and may include benefits resulting from the Board exercising certain discretions under the rules of the Plan.

If Shareholder approval is given under this Resolution the Company will still be required to comply with Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

Details of Termination Benefit

The Board possesses the discretion to determine, where a participant ceases employment before the vesting or exercise of their ESOP Options, that some or all of the ESOP Options do not lapse.

The exercise of this discretion may constitute a "benefit" for the purposes of section 200B of the Corporations Act.

In addition, a participant may become entitled to accelerated vesting or automatic vesting of ESOP Options if there is a change of control of the Company. This accelerated or automatic

vesting of ESOP Options may constitute a “benefit” for the purposes of section 200B of the Corporations Act.

The Company is therefore seeking Shareholder approval for the exercise of the Board’s discretions and for the provision of such accelerated or automatic vesting rights in respect of any current or future participant in the Plan who holds:

- (a) a managerial or executive office in the Company (or any of its related body corporate) at the time of their leaving or at any time in the three years prior to their leaving; and
- (b) ESOP Options under the Plan at the time of their leaving.

The Board’s current intention is to only exercise the above discretion:

- (c) where the employee or consultant leaves employment without fault on their part; and
- (d) so as only to preserve that number of unvested ESOP Options as are pro-rated to the date of leaving.

Provided Shareholder approval is given, the value of these benefits may be disregarded when applying Section 200F(2)(b) or Section 200G(1)(c) of the Corporations Act (i.e. the approved benefit will not count towards the statutory cap under the legislation).

Value of the Termination Benefits

The value of the termination benefits that the Board may give under the Plan cannot be determined in advance. This is because various matters will or are likely to affect that value. In particular, the value of a particular benefit will depend on factors such as the Company’s Share price at the time of vesting and the number of ESOP Options that vest.

The following additional factors may also affect the benefit’s value:

- (e) the participant’s length of service and the portion of vesting periods at the time they cease employment;
- (f) the status of the performance hurdles attaching to the ESOP Options at the time the participant’s employment ceases; and
- (g) the number of unvested ESOP Options that the participant holds at the time they cease employment or at the time the change of control occurs (as applicable).

21. RESOLUTION 26 – RATIFICATION OF PREVIOUS SECURITIES ISSUE

21.1 Background

As announced on 23 October 2015, the Company undertook a placement of 120,000,000 Shares (on a pre-Consolidated basis) at an issue price of \$0.003 per Share (**Placement Shares**) to certain sophisticated and professional investors to raise a total of \$360,000.

The issue of the Placement Shares was undertaken without Shareholder approval under the Company’s then available placement capacity under Listing Rule 7.1.

The purpose of Resolution 26 is for Shareholders to ratify the issue of 72,000,000 of these Placement Shares which was undertaken without Shareholder approval under the Company’s then available placement capacity under Listing Rule 7.1.

21.2 Regulatory Requirements

Listing Rule 7.1 provides that, unless an exemption applies, a company must not, without prior approval of shareholders, issue or agree to issue Equity Securities if the Equity Securities will in themselves or when aggregated with the ordinary securities issued by the company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 is treated as having been made with approval for the purpose of

Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company's members subsequently approve it.

Accordingly, under Resolution 26, the Company seeks from Shareholders approval for, and ratification of, the issue of a total of 72,000,000 Shares (on a pre-Consolidation basis) so as to limit the restrictive effect of Listing Rule 7.1 on any further issues of Equity Securities in the next 12 months.

The 72,000,000 Placement Shares issued under Listing Rule 7.1, for which approval and ratification is sought under Resolution 26, comprise 11.93% of the Company's issued capital (based on the number of Shares on issue as at the date of this Notice of General Meeting).

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following information:

(a) **Number of securities issued**

Under Resolution 26, the Company seeks from Shareholders approval for, and ratification of, the issue of 72,000,000 Shares (on a pre-Consolidated basis).

(b) **The price at which the securities were issued**

The Placement Shares were issued for \$0.003 per Share.

(c) **Terms of the securities**

The Placement Shares are fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and rank equally in all respects with the existing Shares.

The Company has applied to ASX for official quotation of the Shares.

(d) **The names of the persons to whom the entity issued the securities or the basis on which those persons were determined**

The Placement Shares were allotted to selected sophisticated and professional investors who participated in the Placement, as announced to ASX on 23 October 2015.

(e) **The use of the funds raised**

The funds raised from the placement were used for working capital purposes.

(f) **Voting exclusion statement**

A voting exclusion statement for Resolution 26 is included in the Notice of General Meeting preceding this Explanatory Statement.

21.3 Board Recommendation

The Board believes that the ratification of these issues is beneficial for the Company as it allows the Company to ratify the above issues of securities and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months without the requirement to obtain prior Shareholder approval. Accordingly, the Board recommends Shareholders vote in favour of Resolution 26.

GLOSSARY

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Acquisition	the proposed acquisition by the Company of 100% of the issued capital in Zelda from the Zelda Shareholders in accordance with the terms and conditions of the Heads of Agreement;
Advisory Shares	has the meaning given to that term in Section 15.1(a);
ASIC	Australian Securities and Investments Commission;
ASX	ASX Limited or the securities market operated by ASX Limited, as the context requires;
Board	board of Directors;
Chair	chairman of the General Meeting;
Company or Gleneagle	Gleneagle Gold Limited ABN 27 103 782 378 (to be renamed “Zelda Therapeutics Limited”);
Consideration Shares	Shares to be issued in consideration for the Acquisition;
Constitution	constitution of the Company;
Conversion Shares	Shares to be issued upon conversion of the Convertible Notes;
Convertible Notes	the convertible notes issued by Zelda in connection with the Zelda Capital Raising;
Corporations Act	<i>Corporations Act 2001</i> (Cth);
CPS Capital	CPS Capital Group Pty Ltd ABN 73 088 055 636;
Director	director of the Company;
Effective Date	has the meaning given to that term in Section 7.2;
Equity Raising	the equity raising the subject of Resolution 6;
Equity Securities	has the meaning given to that term in the Listing Rules;
ESOP Option	an option to subscribe for a Share granted under the Plan;
Executive Options	has the meaning given to that term in Section 15.1(b);
Explanatory Statement	the explanatory statement that accompanies this Notice of General Meeting;
Heads of Agreement	The heads of agreement between the Company and Zelda for the sale and purchase of 100% of the issued capital of Zelda, the key terms of which are summarised in Section 1.7.
Independent Expert	RSM Corporate Australia Pty Ltd (ABN 82 050 508 024);
Independent Expert’s Report	the report of the Independent Expert dated 9 June 2016 set out in Attachment A;

Key Management Personnel	key management personnel of the Company (as defined in section 9 of the Corporations Act);
Meeting or General Meeting	the general meeting convened by this Notice of General Meeting;
Notice of General Meeting or Notice of Meeting	this notice of General Meeting;
Management Options	has the meaning given to that term in Section 16.1;
Merchant	means Merchant Funds Management Pty Ltd (ACN 154 493 277);
Merchant Options	has the meaning given to that term in Section 18.1;
Listing Rules	official listing rules of the ASX;
Option	option to subscribe for a Share on the terms and conditions set out in Schedule 1;
Participating Directors	the meaning given to that term in Section 19.1;
Peterson Interest	the meaning given to that term in Section 9.1;
Plan	the proposed employee share option plan the subject of Resolution 26, a summary of which is set out in Schedule 3;
Post Consolidation	the capital structure of the Company on and from the Effective Date;
Proposed Constitution	the proposed constitution to be adopted by the Company under Resolution 8;
Proposed Directors	the meaning given to that term in Section 0;
Proposed Transaction	the Acquisition and the Equity Raising;
Prospectus	the prospectus to be prepared by the Company in respect of the Equity Raising;
Proxy Form	the proxy form enclosed with this Notice of General Meeting;
Resolution	resolution contained in this Notice of General meeting;
Schedule	schedule to this Notice of General Meeting;
Section	a section of the Explanatory Statement;
Share	fully paid ordinary share in the capital of the Company;
Shareholder	holder of a Share in the Company;
Transaction Resolutions	Resolutions 1 to 13 (inclusive);
WST	Australian Western Standard Time;
Zelda	Zelda Therapeutics Pty Ltd ACN 607 538 876;

Zelda Capital Raising	has the meaning given to that term in Section 1.8;
Zelda Noteholders	the holders of Convertible Notes; and
Zelda Shareholder	the holders of shares in the capital of Zelda.

SCHEDULE 1 – TERMS OF OPTIONS

The terms and conditions of the Options are as follows:

- (a) Each Option gives the holder the right to subscribe for one (1) Share.
- (b) The Options are exercisable at any time on the date that is 5 years from the date of grant.
- (c) The exercise price of each Option is a price equal to 125% of the issue price of Shares issued under the Equity Raising (**Exercise Price**).
- (d) The Options are freely transferable.
- (e) Subject to the condition in paragraph (b) being satisfied, the Options are exercisable by delivering to the registered office of the Company a notice in writing stating the intention of the holder to exercise a specified number of Options, accompanied by a Option certificate, if applicable, and a cheque made payable to the Company for the subscription monies due, subject to the funds being duly cleared funds. The exercise of only a portion of the Options held does not affect the holder's right to exercise the balance of any Options remaining.
- (f) All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued Shares.
- (g) The Options are not to be quoted on ASX and the Company is under no obligation to apply for quotation of the Options on ASX.
- (h) The Company will apply for quotation on ASX of all Shares issued upon exercise of the Options.
- (i) There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the Company will give each Option holder prior notice as required by the Listing Rules of the Record Date (as defined in the Listing Rules) of any proposed issue of Shares or other securities or entitlements made available to the holders of Shares generally to enable the Option holder to exercise its Options and participate in the new issue.
- (j) There is no right to change the Exercise Price of an Option nor the number of Shares over which the Option can be exercised, if the Company completes a pro rata issue of Shares which is not a bonus issue.
- (k) If there is a bonus issue of Shares, the number of Shares over which an Option can be exercised increases by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
- (l) In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date, all rights of the Option holder will be varied in accordance with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

SCHEDULE 2 – SUMMARY OF MATERIAL PROPOSED CHANGES TO THE CONSTITUTION

The key differences between the existing Constitution and the Proposed Constitution are summarised below. This summary is not intended to be an exhaustive explanation of all the changes effected by the adoption of the Proposed Constitution.

(a) **Currency (new Article 1.6)**

It is proposed by Article 1.6 of the Proposed Constitution that the Directors may differentiate between Shareholders as to the currency in which any amount payable to a Shareholder is paid, and the Directors may determine (having regard to the registered address of a Shareholder) to pay a distribution in currency other than Australian dollars.

(b) **Articles 3.16 and 3.17: Share Holding Statements & Share Certificates**

Articles 3.16 and 3.17 of the Constitution, which deal with Share certificates and option certificates, are removed from the Proposed Constitution.

(c) **Articles 3.14 and 3.15: Uncertificated holdings and electronic transfers**

Articles 3.14 and 3.15 of the Constitution, which deal with uncertificated holdings and electronic transfers, are removed from the Proposed Constitution.

(d) **Preference Shares (new Article 2.2)**

Although the current Constitution allows for the issue of shares with preferred, deferred or other special rights by the Directors, it is proposed under the Proposed Constitution that the Company may issue preference shares (and shares may be converted to preference shares) provided that the rights of the holders of the preference shares are as set out in Schedule 1 of the Proposed Constitution or as approved by a resolution of the Company in accordance with the Corporations Act. No terms for shares with preferred, deferred or other special rights are set out in the current Constitution.

(e) **Article 3.6: Variation of rights**

Article 3.6 which deals with the procedure to vary the rights attached to any class of shares in the Company is not specifically dealt with in the Proposed Constitution.

(f) **Article 5.6: Notice of call and Member's Liability**

It is proposed under the Proposed Constitution to extend the period of notice, for which a Shareholder must pay the Company the amount called on that Shareholder's Shares, from 15 business days in the current Constitution to 30 business days in the Proposed Constitution.

(g) **Article 5.14: Prescribed Interest Rate (new definition at Article 1.1)**

It is proposed under the Proposed Constitution to insert a new prescribed interest rate, in clause 1.1, which is the rate determined by the Directors, and in the absence of a determination means the rate 4% per annum above the 60 day Bank Bill Swap Reference Rate last published on or before that day in The Australian Financial Review (or if that rate has not been published, another rate set by the Directors in good faith), applicable throughout the Proposed Constitution.

(h) **Articles 8.2 and 8.3: Forfeiture of Shares**

It is proposed under the Proposed Constitution that Articles 8.2 and 8.3 of the Constitution, which deal with the procedure for forfeiture of Shares in the event a Shareholder fails to pay a call or instalment of a call on the appointed date, are amended as follows:

- the Company must serve a notice on the Shareholder requiring payment of the call or unpaid instalment 14 days from the date of service of the notice (amended from 10 business days after the day for payment); and

- in the event that the notice is not complied with by the Shareholder, the Directors may by resolution forfeit the relevant Share (rather than by automatic forfeiture in the current Constitution).

(i) **Transmission of Shares on mental incapacity (new Article 8.5)**

The Proposed Constitution contains Article 8.5 which sets out the procedure for a person entitled to Shares due to the mental incapacity of a Shareholder to become the registered holder of those Shares.

(j) **Adoption of proportionate takeover rules (new Article 9)**

The Proposed Constitution contains Article 9 that enables the Company to refuse to register Shares acquired under a proportional takeover bid unless approved by a Resolution of Shareholders. Provisions such as these require specific information to be provided to Shareholders at the time the provisions are adopted. This information is set out below.

A proportional takeover bid includes a bidder offering to buy a proportion only of each Shareholder's Shares in the Company. This means that control of the Company may pass without members having the chance to sell all of their Shares to the bidder. It also means the bidder may take control of the Company without paying an adequate amount for gaining control.

In order to deal with this possibility, the Company may provide in its Proposed Constitution that:

- (i) in the event of a proportional takeover bid being made for Shares in the Company, members are required to vote by ordinary Resolution and collectively decide whether to accept or reject the offer; and
- (ii) the majority decision of the Company's members will be binding on all individual members.

The Directors consider that members should be able to vote on whether a proportional takeover bid ought to proceed given such a bid might otherwise allow control of the Company to change without members being given the opportunity to dispose of all of their Shares for a satisfactory control premium. The Directors also believe that the right to vote on a proportional takeover bid may avoid members feeling pressured to accept the bid even if they do not want it to succeed.

The effect of Article 9 of the Proposed Constitution is that, if a proportional takeover offer is received, the Directors are required to convene a Meeting of Shareholders to vote on a Resolution to approve the proportional bid. Each security holder affected will be entitled to vote (except for the bidder and persons associated with the bidder, who may not vote). Approval of the bid will require a simple majority of the votes cast. The Meeting must be held at least 14 days before the bid closes so that holders know the result of the voting before they have to make up their minds whether or not to accept for their own securities.

If the proportional bid is not approved, the registration of any transfer of Shares resulting from an offer made under the proportional bid will be prohibited and the bid will be deemed to be withdrawn. If the proportional bid is approved, the transfers will be registered, provided they comply with the other provisions of the Corporations Act and the Company's Proposed Constitution.

The bid will be taken to have been approved if the Resolution is not voted on within the deadline specified under the Corporations Act.

The provisions of Article 9 do not apply to takeover bids for the whole of the issued Shares in the Company.

The proportional takeover approval provisions under Article 9 will cease to apply at the end of 3 years (or longer if it is subsequently renewed by a further Resolution of Shareholders).

The reasons why the Board has proposed that the Proposed Constitution should provide for a Shareholder Resolution on proportional takeover bids are set out below as the advantages of the provisions. Each of the Directors consider that these advantages outweigh the disadvantages stated below.

The Board considers that Shareholders should have the power to prevent the control of the Company from passing to a bidder without it making a bid for all the Shares. They believe that the Resolution requirement is the best procedure available to Shareholders to ensure that they are not forced to accept a proportional offer even though they do not wish the bidder to obtain control of the Company.

Without Article 9, a proportional takeover bid may enable control of the Company to be acquired without Shareholders having an opportunity to dispose of all their Shares to the bidder. Shareholders therefore risk holding a minority interest in the Company. If the Shareholders considered that control of the Company was likely to pass under any takeover bid, they could be placed under pressure to accept the offer even if they do not want control of the Company to pass to the bidder. The proposed Article 9 will prevent this by permitting Shareholders in General Meeting to decide whether a proportional takeover bid should be permitted to proceed.

While the inclusion of Article 9 will allow the Directors to ascertain members' views on a proportional takeover bid, it does not otherwise offer any advantage or disadvantage to the Directors who remain free to make their own recommendation as to whether the bid should be accepted.

The potential advantages of the proposed proportional takeover approval provisions for Shareholders are that:

- (i) they give Shareholders their own say in determining, by a majority vote, whether a proportional takeover bid should proceed;
- (ii) they enable Shareholders, by combining together, to veto a change of control that would lock them into a minority position;
- (iii) the existence of the Resolution requirement in the Proposed Constitution would make it more probable that any takeover bid will be a full bid for the whole Shareholding of each member, so that Shareholders may have the opportunity of disposing of all their Shares rather than of a proportion only;
- (iv) if a proportional takeover bid should be made, the existence of the Resolution requirement will make it more probable that a bidder will set its offer price at a level that will be attractive to the Shareholders who vote;
- (v) knowing the view of the majority of Shareholders assists each individual Shareholder in assessing the likely outcome of the proportional takeover bid, and whether to accept or reject offers made under that bid; and
- (vi) at present it is only the Directors who express on behalf of the Company any formal view on the adequacy or otherwise of a takeover bid. With the Resolution requirement, the most effective view on a proportional takeover bid will become the view expressed by the vote of the Shareholders themselves at general meeting.

The potential disadvantages of the proposed proportional takeover approval provisions for Shareholders are that:

- (i) proportional takeover bids may be discouraged, reducing the speculative element in the market price of the Company's Shares arising from the possibility of a takeover offer being made;
- (ii) an individual Shareholder who wishes to accept a proportional takeover bid will be unable to sell to the bidder unless a majority of Shareholders favour the proportional takeover bid; and
- (iii) the inclusion of the provisions may be considered to constitute an unwarranted additional restriction on the ability of Shareholders to freely deal with their Shares.

Advantages and disadvantages of the proposal for the Directors are that:

- (i) if the Directors consider that a proportional takeover bid should be opposed, they will be assisted in preventing the bidder from securing control of the Company if the bidder needs a majority of the votes cast by the independent Shareholders before it can succeed; and

- (ii) on the other hand, under the proportional takeover approval provisions, if a proportional takeover bid is commenced, the Directors must call a Meeting to seek the Shareholders' views, even though the Directors believe that the bid should be accepted.

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire or increase the extent of a substantial interest in the Company.

(k) **Article 10.5: Quorum**

Article 10.5 of the Constitution provides that the quorum for a general meeting is 3 Shareholders (present in person, by proxy, attorney, or representative). Article 11.2 of the Proposed Constitution reduces the quorum requirement to 2 Shareholders at a general meeting of the Company (present in person, by proxy, attorney, or representative).

Article 10.6 and 10.7 of the Constitution provide that if a quorum is not present at a meeting of the Company within 30 minutes of the appointed time for the meeting:

- in the case of a meeting convened on the requisition of Shareholders – the meeting must be dissolved;
- in any other case – the meeting must be adjourned; and
- at an adjourned meeting – the meeting must be dissolved.

Articles 11.4 and 11.5 of the Proposed Constitution reduce the time for a quorum to be present to 15 minutes.

(l) **Disruption and termination of general meeting (new Article 11.9)**

The Proposed Constitution contains new Article 11.9 which outlines the circumstances in which the Chairman may refuse entry to a General Meeting, and adjourn or terminate a General Meeting where the meeting becomes unruly or disorderly and the procedures that must be followed after doing so.

(m) **Article 10.19: Proceedings at General Meeting**

By virtue of Article 10.19, the Constitution allows the Chairman of a General Meeting to have a casting vote in the event of an equality of votes. Pursuant to Article 11.13 of the Proposed Constitution, the Chairman does not have a casting vote if there is an equality of votes.

(n) **Articles 11.3, 11.22, and 11.23: The Directors**

Article 11.3 of the Constitution provides that at the Annual General Meeting of the Company each year, one-third of the Directors (or the number nearest one-third), and any Director not in such one-third who has held office for more than 3 years (except the Managing Director) must retire from office. Pursuant to Article 12.3 of the Proposed Constitution, there must be an election of Directors at each Annual General Meeting of the Company, and a Director (other than the Managing Director) must not hold office without re-election past the third Annual General Meeting following their appointment or 3 years (whichever is longer).

Article 11.22 of the current Constitution, which provides that a Director is not deemed to be interested in a contract or arrangement by reason only in a case where the contract is made with, or for the benefit of or on behalf of a related body corporate of which that Director is a Director, is not specifically dealt with in the Proposed Constitution.

Article 11.23(c) of the current Constitution provides that the office of Director becomes vacant if the Director is absent (without the consent of the remaining Directors) from meetings of Directors held during a period of 6 months. Article 12.14 of the Proposed Constitution reduces this period to 4 months.

(o) **Remuneration of Directors (new Article 12.8(iii))**

The Proposed Constitution allows Directors to receive non-cash benefits as part of their normal remuneration. If the Proposed Constitution is adopted, the Company will still need to comply with the relevant requirements of the Listing Rules and the Corporations Act.

(p) **Articles 12.12 and 22.1: Indemnities and Insurance**

Article 12.12 of the current Constitution provides that the Company may provide an indemnity to a Director (by way of mortgage, charge or security) in relation to liability for a sum primarily due by the Company. In addition, Article 22.1 of the current Constitution also provides that the Company may indemnify any officer, auditor or agent of the Company against any liability incurred in their capacity as officer, auditor or agent of the Company or a related corporation (including in defending civil or criminal proceedings).

Pursuant to Article 23 of the Proposed Constitution, the indemnity and insurance provisions are specifically extended to current and former Directors and secretaries of subsidiaries of the Company, in addition to those of the Company itself. The Proposed Constitution also allows the Company to indemnify a Director or secretary for legal costs incurred in obtaining advice on issues relating to the performance of their functions and duties.

(q) **Article 17.1: Dividends**

Article 17.1 of the Constitution provides that dividends are only payable from profits. Article 19.1 of the Proposed Constitution provides that, subject to the Corporations Act, the Listing Rules, the Proposed Constitution, and the rights of any person entitled to shares with special right to dividend, the Directors may determine that a dividend is payable.

Article 17.2 of the Proposed Constitution, which provides that the Directors may authorise interim dividends out of the profits of the Company, is not specifically dealt with in the Proposed Constitution.

(r) **Election to accept Shares instead of dividends (new Article 19.11)**

The Proposed Constitution allows the Directors to determine that Shareholders may elect to receive Shares instead of dividends.

(s) **Methods of service (new Article 21)**

The Proposed Constitution contains updated service provisions which allow for service of notices by other electronic means. In addition, new Article 21.3 provides that a document sent by post is taken to have been given and received on the day after the date of its transmission (rather than three days after the date of its posting in the current Constitution).

(t) **Article 21.4: Order for winding up**

Article 21.4 of the current Constitution provides that, subject to any special rights of Shareholders, all monies and property that are to be distributed among Shareholders in a winding up must be distributed in proportion to the Shares held by them (irrespective of the amount paid-up or credited on those Shares). Article 22.1 of the Proposed Constitution provides that if the Company is wound up, the liquidator may (with the sanction of a special resolution) divide among members in specie or in kind the property of the Company and may determine how the division is to be carried out between Shareholders or different classes of Shareholders.

(u) **Unmarketable Parcels (new Article 25)**

The Proposed Constitution contains new Article 25 which, in certain circumstances, allows for and specifies the procedure for the sale by the Company of unmarketable parcels of Shares held by Shareholders.

SCHEDULE 3 – SUMMARY OF TERMS OF EMPLOYEE SHARE OPTION PLAN

1. ELIGIBILITY

The Board may, in its absolute discretion, invite an “Eligible Employee” to participate in the Plan. An “Eligible Employee” includes a director, senior executive, contractor, consultant or employee of the Company.

2. TERMS OF ESOP OPTIONS

- (a) Each ESOP Option will be granted to Eligible Employees under the Plan for no more than nominal consideration.
- (b) Each ESOP Option will entitle its holder to subscribe for and be issued, one Share (upon vesting and exercise of that ESOP Option).
- (c) ESOP Options will not be listed for quotation on the ASX, however, the Company will apply for official quotation of the Shares issued upon the exercise of any vested ESOP Options.
- (d) The grant date, expiry date and exercise price of an ESOP Option shall be as determined by the Board when an offer to participate in the Plan is made.
- (e) A participant is not entitled to participate in or receive any dividend or other Shareholder benefits until its ESOP Options have vested and been exercised and Shares have been allocated to the participant as a result of the exercise of those ESOP Options.
- (f) There are no participating rights or entitlements inherent in the ESOP Options and participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the ESOP Options.
- (g) Following the issue of Shares following exercise of vested ESOP Options, participants will be entitled to exercise all rights of a Shareholder attaching to the Shares, subject to any disposal restrictions advised to the participant at the time of the grant of the ESOP Options.
- (h) If there is a reconstruction of the issued capital of the Company prior to the expiry of any ESOP Options, the number of ESOP Options to which each Participant is entitled or the exercise price of his or her ESOP Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

3. CONDITIONS

When granting ESOP Options, the Board may make their vesting and/or exercise conditional on the satisfaction of certain conditions within a specified period. The Board may at any time waive or change a condition in accordance with the Plan rules if the Board (acting reasonably) considers it appropriate to do so.

4. VESTING

The ESOP Options will vest following satisfaction of the vesting conditions (if any) or such other date as determined by the Board in its discretion.

Subject to the Plan rules, the Board may declare that all or a specified number of any unvested ESOP Options granted to a participant which have not lapsed immediately vest if, in the opinion of the Board a change of control in relation to the Company has occurred, or is likely to occur, having regard to the participant's pro rata performance in relation to the applicable conditions up to that date.

Subject to the Plan rules, the Board may in its absolute discretion, declare the vesting of an ESOP Option where the Company is wound up or passes a resolution to dispose of its main undertaking.

If there is any internal reconstruction or acquisition of the Company which does not involve a significant change in the identity of the ultimate Shareholders of the Company, the Board may declare in its sole discretion whether and to what extent ESOP Options, which have not vested by the day the reconstruction takes place, will vest.

5. DISPOSAL RESTRICTIONS

The Board may, in its sole and absolute discretion, determine whether there will be any restrictions on the disposal of, the granting (or purporting to grant) of any security interest in or over, or otherwise on dealing with (or purporting to dispose or deal with), Shares issued or transferred to any Participant under the Plan.

6. OVERRIDING RESTRICTIONS

No issue or allocation of ESOP Options and/or Shares will be made to the extent that it would contravene the Constitution, Listing Rules, the Corporations Act or any other applicable law. At all times participants must comply with any share trading policy of the Company.

7. LAPSE

An ESOP Option will immediately lapse upon the first to occur of:

- (a) the cessation of employment, engagement or office of the participant;
- (b) if the Board and the participant agrees, the day the Board makes a determination that the ESOP Options lapse;
- (c) if any applicable conditions are not achieved by the relevant time;
- (d) if the Board determines in its sole and absolute discretion that any applicable conditions have not been met and cannot be met prior to the expiry date; or
- (e) its expiry date.

Where a participant ceases to be employed or engaged by the Company and is not a “Bad Leaver” (as that term is defined in the Plan), and the ESOP Options have vested, they will remain exercisable until the ESOP Options lapse in accordance with the Plan rules or if they have not vested, the Board will determine as soon as reasonably practicable after the date the participant ceases to be employed or engaged, how many (if any) of those participant’s ESOP Options will be deemed to have vested and exercisable.

Where a participant becomes a “Bad Leaver” (as that term is defined in the Plan), all ESOP Options, unvested or vested, will lapse on the date of the cessation of employment, engagement or office of that participant.

Gleneagle Gold Limited

ABN: 27 103 782 378

By Mail:

Gleneagle Gold Limited
C/- Westar Capital Limited
PO Box 7315
PERTH WA 6850

All enquiries to: Telephone: (08) 6268 2622.

PROXY FORM

I/We being a member(s) of Gleneagle Gold Limited and entitled to attend and vote hereby appoint:

STEP 1		APPOINT A PROXY	
<input type="checkbox"/>	The Chair of the Meeting (mark with an 'X')	OR	<div></div> <p>Write here the name of the person you are appointing if this person is someone other than the Chair of the Meeting.</p>
<p>or failing the person named, or if no person is named, the Chair of the Meeting, as my/our proxy to attend and act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as my/our proxy sees fit) at the Meeting of Gleneagle Gold Limited (Company) to be held in Perth on Monday 25 July 2016 at CPS Capital, Level 45, 108 St Georges Terrace, Perth Western Australia commencing at 10:00am WST, including to vote or abstain as my/our proxy thinks fit in respect of any procedural resolution, and at any postponement or adjournment of that Meeting.</p> <p>Important for Resolutions 14 to 17: If the Chair of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intentions below, you expressly authorise the Chair of the Meeting to exercise the proxy in respect of Resolutions 14 to 17 even though the Items are connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.</p> <p>The Chair of the Meeting intends to vote undirected proxies in favour of each item of business. If you have appointed the Chair of the Meeting as your proxy (or the Chair of the Meeting becomes your proxy by default), and you wish to give the Chair specific voting directions on an item, you should mark the appropriate boxes opposite those items below (directing the Chair to vote for, against, or to abstain from voting).</p> <p>Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.</p> <p>Please read the voting instructions overleaf before marking any boxes with an <input checked="" type="checkbox"/> to indicate your directions.</p>			

STEP 2	VOTING DIRECTIONS						
	For	Against	Abstain*		For	Against	Abstain*
Resolution 1: Change to nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 5: Approval of Conversion Shares to Zelda Noteholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2: Consolidation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6: Approval of Shares for Equity Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3: Approval of Consideration Shares to Zelda Shareholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 7: Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4: Approval of acquisition of Peterson Interest from Mr Jason Peterson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 8: Replacement of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution 9: Election of Mr Harry Karelis as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 18: Approval to issue Management Options to Mr Ian Love	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10: Election of Mr Jason Peterson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 19: Approval to issue Management Options to Mr Wayne Loxton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11: Election of Dr Stewart Washer as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 20: Approval to issue Management Options to Mr Neville Bassett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12: Election of Ms Mara Gordon as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 21: Approval to issue Merchant Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13: Approval of Advisory Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 22: Participation in Equity Raising by Director – Mr Ian Love	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14: Approval of Executive Options to Harry Karelis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 23: Participation in Equity Raising by Director – Mr Wayne Loxton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15: Approval of Executive Options to Jason Peterson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 24: Participation in Equity Raising by Director – Mr Leon Davies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16: Approval of Executive Options to Stewart Washer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 25: Approval of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 17: Approval of Executive Options to Gabriel Chiappini	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 26: Ratification of previous securities issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*If you mark the Abstain box for a Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

PLEASE SIGN HERE This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented

**Individual or Shareholder
1**

**Sole Director & Sole Company
Secretary**

Shareholder 2

Director

Shareholder 3

**Director/Company
Secretary**

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

HOW TO COMPLETE THIS PROXY FORM

1. YOUR NAME AND ADDRESS

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint Shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

2. APPOINTMENT OF A PROXY

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chair of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a Shareholder of the Company.

3. VOTES ON RESOLUTIONS

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your Shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

If you direct your proxy how to vote validly in accordance with these instructions and your proxy fails to either attend the Meeting or vote on any directed Resolution, the Chair of the Meeting is taken to have been appointed as the proxy for the purposes of voting on that Resolution at the Meeting and must vote in accordance with your proxy.

4. VOTING ENTITLEMENTS

In accordance with the Corporations Act, the Company has determined that the Shareholding of each person for the purpose of determining entitlements to attend and vote at the Meeting will be the entitlement of that person set out in the Company's share register as at 10:00am (WST) on 23 July 2016. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

5. VOTING IN PERSON

A Shareholder that is an individual may attend and vote in person at the Meeting. If you wish to attend the Meeting, please bring the attached proxy form to the Meeting to assist in registering your attendance and number of votes. Please arrive 15 minutes prior to the start of the Meeting to facilitate this registration process.

A Shareholder that is a corporation may appoint an individual to act as its representative to vote at the Meeting in accordance with section 250D of the Corporations Act. The appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the Certificate is enclosed with this Notice of Meeting.

6. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company Secretary on (08) 6268 2622 or you may photocopy this form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

7. SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

- Individual: where the holding is in one name, the holder must sign.
- Joint Holding: where the holding is in more than one name, all of the Shareholders should sign.
- Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

8. LODGING YOUR PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the Meeting being no later than 10:00am on 23 July 2016. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

In Person	Gleneagle Gold Limited C/- Westar Capital Limited Level 4 216 St Georges Terrace Perth WA 6000
By Mail	Gleneagle Gold Limited C/- Westar Capital Limited PO Box 7315 Perth WA 6850
By Facsimile	(08) 6268 2699
By Scan and Email	njb@westarcapital.com.au

CERTIFICATE OF APPOINTMENT OF CORPORATE REPRESENTATIVE

Shareholder

Details

This is to certify that by a resolution of the directors of:

..... (**Company**),
Insert name of Shareholder Company

the Company has appointed:

.....
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that Company at the annual general meeting of the members of Gleneagle Gold Limited to be held on Monday 25 July 2016 commencing at 10:00am (WST) and at any adjournments of that annual general meeting.

DATED 2016

Please sign here

Executed by the Company)
in accordance with its constituent documents)

.....
Signed by authorised representative

.....
Signed by authorised representative

.....
Name of authorised representative (print)

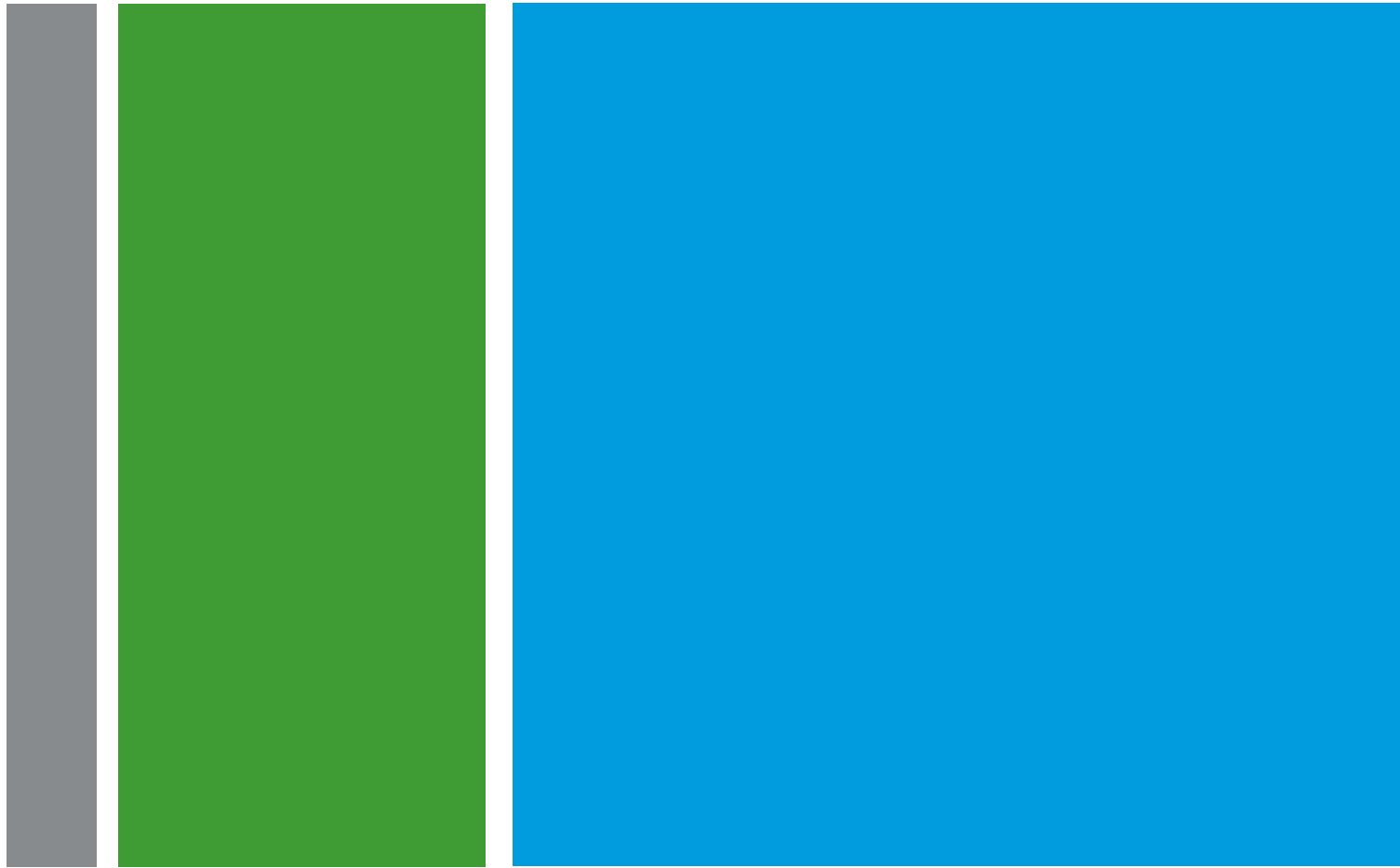
.....
Name of authorised representative (print)

.....
Position of authorised representative (print)

.....
Position of authorised representative (print)

Instructions for Completion

- Insert name of appointing Shareholder Company and the name or position of the appointee corporate representative (eg "John Smith" or "each director of the Company").
- Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- Print the name and position (eg director) of each authorised company officer who signs this Certificate on behalf of the Company.
- Insert the date of execution where indicated.
- Prior to the Meeting, send or deliver the Certificate to the registered office of Gleneagle Gold Limited at Level 45, 108 St Georges Terrace Perth WA 6000 or fax the Certificate to the registered office at (08) 9486 8066, or hand this Certificate in at the Meeting when registering as a corporate representative.



GLENEAGLE GOLD LIMITED

Financial Services Guide and Independent Expert's Report
June 2016

We have concluded that the Proposed Transaction is Fair and Reasonable to
Shareholders of Gleneagle Gold Limited

FINANCIAL SERVICE GUIDE

9 June 2016

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact Details

You may contact us using the details set out at the top of our letterhead on page 1 of this report.

CONTENTS

1.	Introduction	5
2.	Summary and conclusion.....	7
3.	Summary of transaction	10
4.	Scope of the report	12
5.	Profile of Gleneagle	14
6.	Profile of Zelda.....	19
7.	Valuation approach	22
8.	Valuation of GLN Prior to the Proposed Transaction	26
9.	Valuation of GLN Following to the Proposed Transaction.....	30
10.	Is the Proposed Transaction fair to GLN Shareholders?	34
11.	Is the Proposed Transaction Reasonable?	35

TABLE OF APPENDICES

A.	Declarations and Disclaimers.....	39
B.	Sources of information	40
C.	Glossary of terms.....	41
D.	Comparable Companies	42
E.	Transaction Resolutions	43

RSM Corporate Australia Pty Ltd

8 St Georges Terrace Perth WA 6000
GPO Box R 1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

9 June 2016
Shareholders
Gleneagle Gold Limited
Level 45, 108 St Georges Terrace
Perth, WA, 6000

Dear Shareholders

INDEPENDENT EXPERT'S REPORT ("REPORT")

1. Introduction

- 1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for a General Meeting of Gleneagle Gold Limited ("GLN" or "the Company") to be held on or around 25 July 2016, at which shareholder approval will be sought for (among other things) the issue of 16,467,066 ordinary shares in the Company to Mr Jason Peterson.
- 1.2 GLN has entered into a binding heads of agreement ("Heads of Agreement") to acquire 100% of the issued capital in Zelda Therapeutics Pty Ltd ("Zelda") by issuing 320,000,000 post-consolidation GLN shares at a deemed issue price of A\$0.025 each to Zelda shareholders on a pro rata basis and paying a non-refundable option fee of \$250,000 ("Fee") ("Acquisition").
- 1.3 Mr Jason Peterson is a substantial holder of the Company with a current relevant interest in 14,543,775 post-consolidation Shares in the Company, representing a 12.06% interest. Mr Peterson is also the holder of 16,467,066 shares in Zelda, which represents 16.39% of the Zelda Shares ("Peterson Interest"). Under the Heads of Agreement, the Company proposes to acquire the Peterson Interest in consideration for the issue of 52,459,018 Consideration Shares to Mr Peterson ("Proposed Transaction") as a part of the Acquisition.
- 1.4 If the Proposed Transaction is approved, Mr Peterson will hold a total of 67,002,793 post-consolidation GLN shares.
- 1.5 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to shareholders not associated with the Proposed Transaction ("Non-Associated Shareholders").
- 1.6 The request for approval of the Proposed Transaction is included as Resolution 4 in the Notice. Resolution 4 is subject to the approval of Resolution 1 to 13 inclusive ("Transaction Resolutions"), in the Notice. We have summarised the Transaction Resolutions at Appendix E of this Report.

THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

- 1.7 Whilst we have only been requested to provide an opinion on whether Resolution 4 is fair and reasonable to the Non-Associated Shareholders, approval of the Transaction Resolutions are interdependent on each other and therefore Resolution 4 cannot be approved without all 13 resolutions being approved and, as such, we consider in substance the Transaction Resolutions are a part of the same transaction. On this basis, we have assessed whether Resolution 4 is fair and reasonable to Non-Associated Shareholders through evaluation whether the proposed transactions as a whole, comprising the Transaction Resolutions ("Proposed Transaction") are fair and reasonable to the Non-Associated Shareholders.
- 1.8 The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

2. Summary and conclusion

Opinion

- 2.1 In our opinion, and for the reasons set out in Sections 10 and 11 of this Report, the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of GLN.

Approach

- 2.2 ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to a related party of substantial shareholder or any of its associates without the approval of holders of the entity's ordinary securities.
- 2.3 A substantial holder is a shareholder that holds at least 10% of the issued capital of a company. A related party could be a director of the Company. Mr Peterson is a proposed director of GLN and also holds 12.1% of the issued share capital in GLN as at 13 May 2016. Therefore, for the purpose of the ASX Listing Rules, Mr Peterson is both a related party and a substantial holder of the Company
- 2.4 An asset is considered substantial "if its value; or the value of the consideration for it is, or in the ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to the ASX".
- 2.5 Therefore we have considered whether or not the Proposed Transaction is "fair" to the Non-Associated Shareholders by assessing and comparing:
- The fair value of a share in GLN on a control basis pre the Proposed Transaction; with
 - The fair value of a share in GLN on a non-control basis immediately post completion of the Proposed Transaction,
- and, considered whether the Proposed Transaction is "reasonable" to the Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transaction.
- 2.6 Further information of the approach we have employed in assessing whether the Proposed Transaction is "fair and reasonable" is set out at Section 4 of this Report.

Fairness

- 2.7 Our assessed values of a GLN share prior to and immediately after the Proposed Transaction, are summarised in the table and figure below.

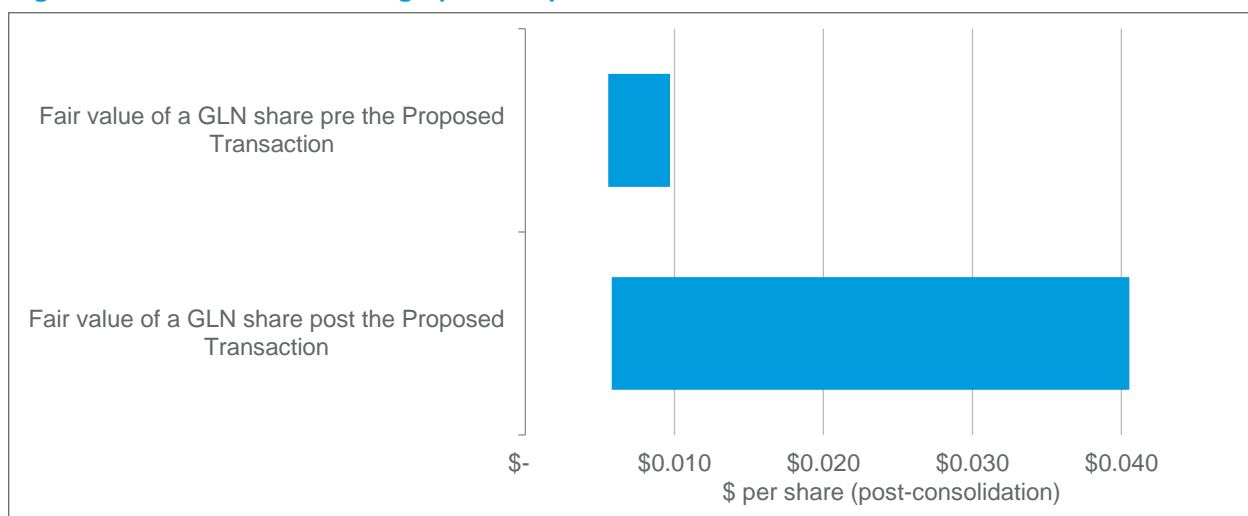
Table 1 Assessed values of a GLN share pre and post the Proposed Transaction

Assessment of fairness	Ref:	Value per Share	
		Low	High
Fair value of a GLN share pre the Proposed Transaction - Control basis	8.2	\$0.006	\$0.010
Fair value of a GLN share post the Proposed Transaction - Non control basis and excluding the capital raising	9.2	\$0.006	\$0.041

Source: RSM analysis

- 2.8 We have summarised the values included in the table above in the chart below. The first chart reflects a comparison of the values of GLN before and after the Proposed Transaction is approved under each scenario included in the table.

Figure 1 GLN Share valuation graphical representation



Source: RSM analysis

- 2.9 The large range in the value of a GLN share post the Proposed Transaction is driven by assuming a \$2 million enterprise value at the lower end of the comparable company valuation range. We consider this low value acceptable because Zelda operates in a relatively new global market with potential products that require clinical testing before they can be commercially exploited. Despite the knowledge and history purchased by Zelda through its relationship with Aunt Zeldas, there is no guarantee that the products subsequently created will prove to provide medicinal benefits or be commercially viable.
- 2.10 The upper end of the value of post the Proposed Transaction captures the upside value in Zelda which recognises that Zelda is entering a new, growing and increasingly accessible industry with global potential and with knowledge of the effectiveness of certain formulae already prescribed by Aunt Zeldas. On this basis, we are comfortable with the significance of the valuation range.
- 2.11 Therefore, in accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of ASX Listing Rule 10.1, we consider the Proposed Transaction to be fair to the Non-Associated Shareholders of GLN as the value of a GLN share pre the Proposed Transaction is within the range of the value of a GLN share post the Proposed Transaction.

Reasonableness

- 2.12 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:
- The future prospects of the Company if the Proposed Transaction does not proceed; and
 - Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.
- 2.13 If the Proposed Transaction does not proceed then the Acquisition will not complete and the Company may forfeit a \$250,000 non-refundable option fee of \$250,000 ("Fee") paid to Zelda, and continue to seek alternative funding arrangements and strategic acquisitions.
- 2.14 The share price of GLN is currently below the Capital Raising price included as a part of the Proposed Transaction. This means that incoming investors will be paying a premium to the current share price to acquire its shares.
- 2.15 The key advantages of the Proposed Transaction are:

- The Proposed Transaction is fair.
- The Company will be exposed to a new, growing industry and Shareholders have the ability to gain exposure to future opportunities as the medicinal cannabis industry becomes increasingly accessible.
- New Directors will add relevant experience, skills and networks to the Company.
- The Company's ability to raise additional funds and attract strategic investors may be improved once the Acquisition is completed and as pre-clinical research and clinical trials are completed. This depends greatly on the results of the pre-clinical research and clinical trials.
- The Acquisition may encourage new investors in the Company which may lead to increased liquidity of Shares and greater trading depth than currently experienced by Shareholders.

2.16 The key disadvantages of the Proposed Transaction are:

- Change in nature and scale of activities.
- The Non-Associated Shareholders' interest in the Company will be significantly diluted.
- Change in risk profile of the Company.

2.17 We are not aware of any alternative proposals which may provide a greater benefit to the Non-Associated Shareholders of GLN at this time.

2.18 In our opinion, the position of the Non-Associated Shareholders of GLN if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is reasonable for the Non-Associated Shareholders of GLN

3. Summary of transaction

Overview

- 3.1 GLN has entered into a binding heads of agreement to acquire 100% of the issued capital in Zelda by issuing 320,000,000 post-consolidation GLN shares at a deemed issue price of A\$0.025 each to Zelda shareholders on a pro rata basis and paying a non-refundable option fee of \$250,000 ("Fee").
- 3.2 Mr Jason Peterson is a substantial holder of the Company with a current relevant interest in 14,543,775 post-consolidation Shares in the Company, representing a 12.06% interest. Mr Peterson is also the holder of 16,467,066 shares in Zelda Therapeutics Pty Ltd ("Zelda"), which represents 16.39% of the Zelda Shares ("Peterson Interest"). Under the Heads of Agreement, the Company proposes to acquire the Peterson Interest in consideration for the issue of 52,459,018 Consideration Shares to Mr Peterson ("Proposed Transaction").
- 3.3 If the Proposed Transaction is approved, Mr Peterson will hold a total of 67,002,793 post-consolidation GLN shares.
- 3.4 GLN will also issue the following shares as a condition of the Proposed Transaction:
 - 80,000,000 shares and 115,000,000 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 GLN in connection with the proposed acquisition;
 - 75,000,000 options to the existing GLN officers in consideration for past and future services to be provided to GLN; and
 - 10,000,000 options to Merchant Funds Management Pty Ltd ("Merchant") in consideration for services provided to the Company in connection with the Proposed Transaction.
- 3.5 GLN must conduct a capital raising under a full form prospectus to raise at least \$3 million before costs as part of the Proposed Transaction.
- 3.6 GLN intends to undertake a consolidation of its issued capital with a view to its shares being valued at a price to satisfy re-compliance with the ASX Listing Rules. Any Shares to be issued to Zelda shareholders will be consolidated at the same ratio.
- 3.7 Upon completion of the Proposed Acquisition, the current GLN directors will resign from the Board and the following persons will be appointed:
 - Harry Karelis – Executive Chairman
 - Jason Peterson – Non-executive Director
 - Stewart Washer – Non-executive Director
 - Mara Gordon – Non-executive Director
- 3.8 Following completion of the transaction, the Company will change its name to "Zelda Therapeutics Limited".

Key conditions of the Proposed Transaction

- 3.9 Completion of the Proposed Acquisition is subject to and conditional upon a number of conditions precedent, including:
 - GLN must complete a capital raising to raise at least \$3 million.

- GLN must undertake a consolidation of its issued share capital;
- All relevant approvals are obtained; and
- Due diligence is completed to the satisfaction of GLN.

Rationale for the Proposed Transaction

- 3.10 Investor interest in high risk exploration assets has declined over the last three years. The acquisition of Zelda could provide investors with potentially greater returns than continued exploration of the Company's existing explorations assets.

Impact of Proposed Transaction on GLN's Capital Structure

- 3.11 The table below sets out a summary of the capital structure of GLN prior to and post the Proposed Transaction.

Table 2 Share structure of GLN pre and post the Proposed Transaction

	Prior to Proposed Transaction		Post Proposed Transaction \$3 million Equity Raising		Post Proposed Transaction \$4 million Equity Raising	
Shares on issue						
Non-associated Shareholders	530,419,485	n/a	530,419,485	n/a	530,419,485	n/a
Shares consolidation at 1:5	(424,335,588)	n/a	(424,335,588)	n/a	(424,335,588)	n/a
Post consolidation shares on issue	106,083,897	87.9%	106,083,897	16.9%	106,083,897	15.9%
Jason Peterson	14,543,775	12.1%	67,002,793	10.7%	67,002,793	10.0%
Other Zelda Shareholders	-	0.0%	267,540,982	42.5%	267,540,982	40.0%
Convertible note holders ²	-	0.0%	52,500,000	8.3%	52,500,000	7.8%
Other - Professional Services	-	0.0%	16,000,000	2.5%	16,000,000	2.4%
Equity Raising	-	0.0%	120,000,000	19.1%	160,000,000	23.9%
Total shares on issue	120,627,672	100.0%	629,127,672	100.0%	669,127,672	100.0%

Source: Company

- 3.12 We have shown the capital structure assuming the consolidation of one share for every five held is completed in accordance with the Proposed Transaction.
- 3.13 Resolution 6 requires approval for the Equity Raising at a post-consolidation issue price of no less than \$0.025 to raise a minimum of \$3 million, up to a maximum of \$4 million. Equity Raising costs are assumed to be \$270,000.
- 3.14 Zelda issued a total of \$1.05 million in convertible notes in April 2016 ("Convertible Notes"). The terms of the Convertible Notes provide for conversion directly into 52,500,000 post-consolidation GLN shares immediately prior to the Acquisition.
- 3.15 A total of 200 million options (pre-consolidated) will be issued to advisors and existing GLN officers as part of the transaction. The terms of the options are outlined below:
- Each option gives the holder the right to subscribe to one GLN Share;
 - The options are exercisable at any time up until 5 years of the date of issue; and
 - The options are exercisable at the price that GLN shares are issued under the capital raising.

4. Scope of the report

ASX Listing Rules

- 4.1 ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to a related party of substantial shareholder or any of its associates without the approval of holders of the entity's ordinary securities.
- 4.2 A substantial holder is a shareholder that holds at least 10% of the issued capital of a company. A related party could be a director of the Company. Mr Peterson is a director of GLN and also holds 12.1% of the issued share capital in GLN as at 3 February 2016. Therefore, for the purpose of the ASX Listing Rules, Mr Peterson is both a related party and a substantial holder of the Company
- 4.3 An asset is considered substantial "if its value; or the value of the consideration for it is, or in the ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to the ASX".
- 4.4 The equity balance of GLN as at 31 December 2015 was \$0.2 million, and the value of the consideration is \$0.8 million (based on the share price of GLN and the number of GLN shares that will be issued to Mr Peterson), therefore the Proposed Transaction is considered to be a disposal of a substantial asset of the Company because it represents more than 5% of the equity interests of the entity.
- 4.5 ASX Listing Rule 10.10 states that the notice for the shareholders' meeting required under ASX Listing Rule 10.1 must include a report on the transaction from an independent expert. The report must state, whether, in the expert's opinion, the transaction is fair and reasonable to the Non-Associated Shareholders.
- 4.6 GLN is to hold a meeting of its shareholders where it will seek approval for the Proposed Transaction and the Company has engaged RSM, to prepare a report which sets out our opinion as to whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

Basis of Evaluation

- 4.7 In determining whether the Proposed Transaction is "fair and reasonable" we have given regard to the views expressed by the ASIC in RG 111.
- 4.8 RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.
- 4.9 RG 111 states that the expert's report should focus on:
 - the issues facing the security holders for whom the report is being prepared; and
 - the substance of the transaction rather than the legal mechanism used to achieve it.
- 4.10 RG 111.54 states that, where a related party transaction is one component of a broader transaction or a series of transactions involving non-related parties (such as a control transaction), the expert should carefully consider what level of analysis of the related party aspect is required. Given the interdependency of the Proposed Transaction on the approval of the broader transaction, we have interpreted paragraph 54 of RG 111 to recommend that the impact on Non-Associated Shareholders of the broader transaction should be considered.
- 4.11 Furthermore, RG 111 states that in relation to related party transactions the expert's assessment of fair and reasonable should not be applied on a composite test – that is, there should be a separate assessment of whether the transaction is "fair and reasonable" as in a control transaction.

- 4.12 Consistent with the guidelines in RG 111 and our interpretation of RG 111.54, in assessing whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, the analysis undertaken is as follows:
- Whether the value of a GLN share prior to implementation of the broader transaction (on a control basis) is less than the value of a GLN share following implementation of the broader transaction (on a non-control basis) – fairness; and
 - A review of other significant factors which Non-Associated Shareholders might consider prior to approving the Proposed Transaction - reasonableness.
- 4.13 The other significant factors to be considered include:
- The future prospects of the Company if the Proposed Transaction does not proceed; and
 - Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.
- 4.14 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this report.

5. Profile of Gleneagle

Background

- 5.1 GLN is a listed company with a number of exploration licences near Cuddingwarra mining centres in Western Australia. Its projects include Milly Bore and Berring Pool. The Company is based in Perth, Australia. The Company has been maintaining the good order of the licences while seeking new projects at a corporate level.
- 5.2 GLN's historical business activity is limited to gold and base metal exploration.
- 5.3 The company recently pursued a merger with Myostin Therapeutics Pty Ltd before withdrawing from the merger in September 2015.

Directors and management

- 5.4 The directors and key management of GLN are summarised in the table below.

Table 3 GLN Directors

Name	Title	Experience
Wayne Loxton	Non-Executive Chairman	Mr Loxton is a Mining Engineer with experience spanning 30 years including formulating strategy, completing feasibility studies, commercialization and entrepreneurial start-ups, commercial and strategic due diligence, capital raisings, mergers and acquisitions, asset divestiture and introduction of best practices. Mr Loxton has been Executive Chairman and Director of Yowie Group Ltd since March 19, 2013. He has been a Non-Executive Director of Gleneagle Gold Limited since April 30, 2010
Leon Davies	Independent Non-Executive Director	Mr Davies is a mechanical engineering graduate from Derby University in England, with business expertise across a number of industries. Mr Davies established one of the UK's premier specialised recruitment agencies before selling the business after a decade of growth and emigrating to WA where he has continued to forge new business opportunities. Since arriving in 1996 he has established two property development companies, and the national support service agency ATS Workforce. Mr Davies serves as President of the Wanneroo RUFC and is Chairman of the Board of ATS Workforce and Tecside. He has been an Independent Non-Executive Director of Gleneagle Gold Limited since April 20, 2011.
Ian David Love	Independent Non-Executive Director	Mr Love is a Perth based businessman who has served on the boards of numerous public companies. He has interests in hospitality, mining and financial sectors. Mr Love has been an Independent Non-Executive Director of Gleneagle Gold Limited since April 30, 2010.

Source: Company

Financial Information

- 5.5 The following financial information has been obtained from the audited and reviewed financial statements of GLN. The financial statements for GLN for the year ended 31 December 2015 included the following emphasis of matter included in the auditors' review report:

"Without modifying our conclusion, we draw attention to Note 1 to the financial report, which indicates that, should the company be unable to obtain sufficient funding as outlined in Note 1, there exists a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business."

- 5.6 In the half year report, it was stated the Company has the option to undertake future equity capital raisings and/or farm-down or sell its mineral assets in order to obtain additional funding.

Financial Performance

- 5.7 The following table sets out a summary of the financial performance of GLN for the years ended 30 June 2014 ("FY14") and 30 June 2015 ("FY15") and the half year ended 31 December 2015 ("H1 FY16").

Table 4 GLN financial performance

	Ref	H1 FY16 Reviewed \$	FY15 Audited \$	FY14 Audited \$
Revenue		2,024	11,587	20,738
Employee benefits expenses	5.10	(90,000)	(180,000)	(180,000)
Consultancy and professional fees		(27,750)	(83,840)	(67,650)
Compliance and regulatory expenses		(17,808)	(14,860)	(12,310)
Exploration and evaluation expenditure	5.11	(101,635)	(117,381)	(11,600)
Corporate and administration expenses		(15,344)	(27,747)	(23,617)
Investment option fee	5.9	(250,000)	-	-
Foreign exchange gain / (loss)		(24,946)	12,161	(15,778)
Loss before income tax expense		(525,459)	(400,080)	(290,217)
Income tax expense		-	-	-
Net loss for the year		(525,459)	(400,080)	(290,217)
Other Comprehensive Income/(loss)		-	-	-
Total Comprehensive Loss		(525,459)	(400,080)	(290,217)

Source: Company financial statements

- 5.8 The Statement of Comprehensive Income is indicative of an exploration company, with very little revenue and the majority of expenditure on exploration and staff costs.
- 5.9 The investment option fee is the Fee paid in relation to the Proposed Transaction.
- 5.10 Employee benefits expense represents directors' fees paid to Mr Loxton, Mr Love and Mr Davies.
- 5.11 Exploration and evaluation expenditure in H1 FY16 represented a full write-off of all capitalised expenditure.

Financial Position

- 5.12 The table below sets out a summary of the financial position of GLN as at 30 June 2014, 30 June 2015 and 31 December 2015.

Table 5 GLN financial position

	Ref	31-Dec-15 Reviewed \$	30-Jun-15 Audited \$	30-Jun-14 Audited \$
Current Assets				
Cash and cash equivalents	5.13	185,049	324,596	597,534
Trade and other receivables		16,018	8,557	1,644
Total Current Assets		201,067	333,153	599,178
Non-Current Assets				
Plant and equipment		-	-	-
Exploration and evaluation expenditure	5.14	-	75,113	180,985
Total Non-Current Assets		-	75,113	180,985
Total Assets		201,067	408,266	780,163
Current Liabilities				
Trade and other payables		30,795	50,395	30,006
Total Current Liabilities		30,795	50,395	30,006
Total Liabilities		30,795	50,395	30,006
Net Assets	5.13	170,272	357,871	750,157
Equity				
Issued capital		16,307,505	15,969,645	15,961,851
Reserves		-	-	314,100
Accumulated losses		(16,137,233)	(15,611,774)	(15,525,794)
Total Equity		170,272	357,871	750,157

Source: Company financial statements

- 5.13 As at 31 December 2015, GLN had net tangible assets of \$0.2 million, no debt and a cash balance of \$0.2 million. The decrease in cash from 30 June 2015 to 31 December 2015 primarily reflects payment of the Fee to Zelda, along with proceeds from a share issue.
- 5.14 During the half year ended 31 December 2015, the Company impaired its exploration and evaluation expenditure assets to \$nil.

Capital Structure

- 5.15 GLN has 603,138,361 ordinary shares on issue. There are no options over unissued ordinary shares outstanding.

5.16 The top 20 shareholders of GLN as at 13 May 2016 are set out below.

Table 6 GLN Top 20 shareholders

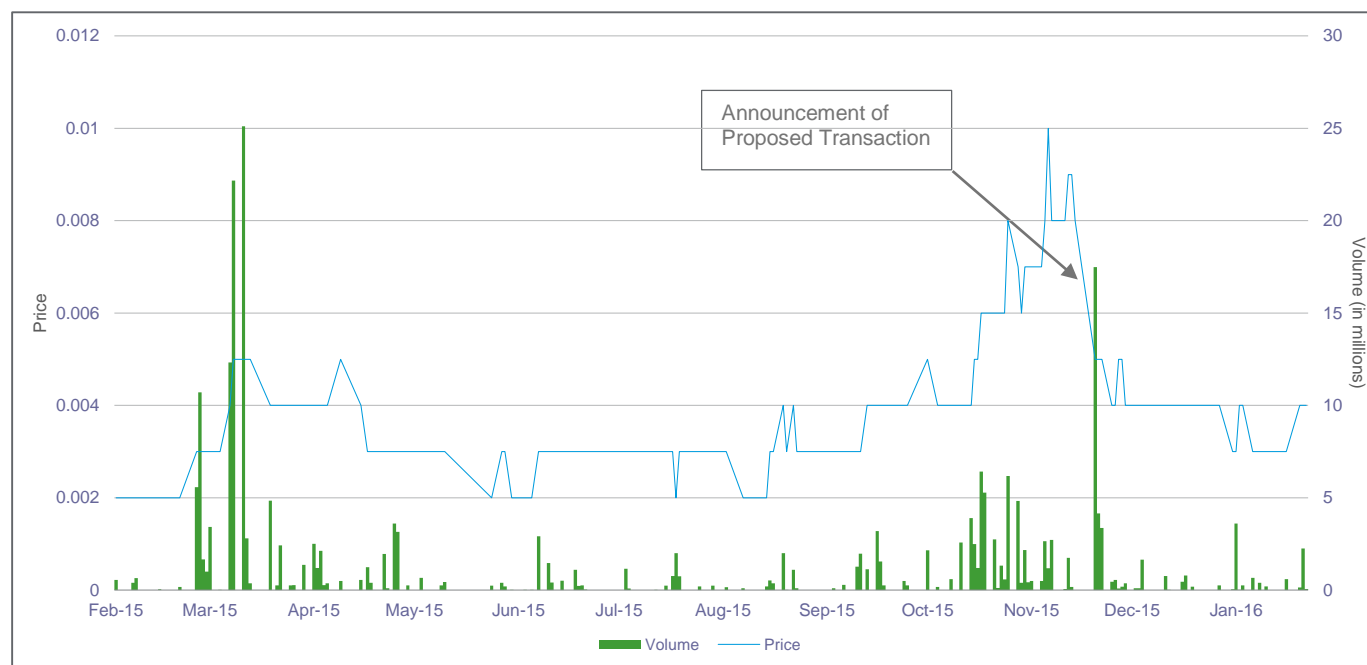
Rank	Name	Units	% of Units
1.	MR WAYNE GREGORY LOXTON <LOXTON INVESTMENT A/C>	60,750,000	10.07
2.	J P MORGAN NOMINEES AUSTRALIA LIMITED	35,112,069	5.82
3.	CELTIC CAPITAL PTE LTD <INVESTMENT 1 A/C>	35,000,000	5.80
4.	GEMELLI NOMINEES PTY LTD <GEMELLI FAMILY A/C>	33,333,333	5.53
5.	MR JASON PETERSON + MRS LISA PETERSON <J & L PETERSON S/F A/C>	27,475,704	4.56
6.	METALLICA INVESTMENTS PTY LTD	25,767,046	4.27
7.	OURO PTY LTD	16,666,667	2.76
8.	SDG NOMINEES PTY LTD <T J STRAPP SUPER FUND A/C>	16,500,000	2.74
9.	MAL WASHER NOMINEES PTY LTD <MAL WASHER FAMILY A/C>	14,000,000	2.32
10.	WISEPLAN INVESTMENTS PTY LTD <LEON DAVIES INVESTMENT A/C>	13,012,456	2.16
11.	ATTADALE HOLDINGS PTY LTD	10,000,000	1.66
12.	MANDEVILLA PTY LTD	10,000,000	1.66
13.	NEFCO NOMINEES PTY LTD	10,000,000	1.66
14.	CAPERANGE INVESTMENTS PTY LTD <SOUTHBANK EQUITY SUPER A/C>	8,844,591	1.47
15.	MR RUSSELL JOHN FRANCIS <RJF FAMILY A/C>	8,333,333	1.38
16.	PINEWOOD ASSET PTY LTD <FRASER FAMILY A/C>	8,333,333	1.38
17.	MR LEON DAVIES + MRS JENNIFER ANNE DAVIES <L & J DAVIES SUPERFUND A/C>	7,845,000	1.30
18.	MR SCOTT ANDREW GRUNDMANN	7,562,501	1.25
19.	IOOF INVESTMENT MANAGEMENT LIMITED <IPS IDPS A/C>	7,500,000	1.24
20.	TISIA NOMINEES PTY LTD <THE HENDERSON FAMILY A/C>	6,500,000	1.08
Totals: Top 20 holders of Ordinary Shares		362,536,033	60.11
Total Remaining Holders Balance		240,602,328	39.89

Source: Company / Computershare

Share price performance

5.17 The figure below sets out a summary of GLN's closing share prices and traded volumes for the 12 months to 1 February 2016.

Figure 2 GLN daily closing share price and traded volumes



Source: S&P Capital IQ/ ASX

5.18 Between February 2015 and January 2016, GLN's share price experienced low trade volumes. The spike in share price to \$0.005 in March 2015 followed the announcement of the non-binding heads of agreement with Myostin Therapeutics which was subsequently cancelled in September 2015.

5.19 The stock was otherwise generally traded minimally over the next 6 months, until November 2015 where volumes and share price increased significantly. There is no public information explaining the change in volumes traded subsequent to November, 2015. The announcement of the Proposed Transaction on 9 December 2015 could indicate that there was speculation in the market that a transaction was imminent.

5.20 GLN's share price performance is discussed in more detail in Paragraph 8.10.

6. Profile of Zelda

Background

- 6.1 Zelda was incorporated on 7 August 2015 as a special purpose vehicle to raise funds in order to pursue clinical trial activity leveraging certain intellectual property related to the medicinal use of cannabis developed by American entity Aunt Zelda's.
- 6.2 The Company will focus on pre-clinical research in the areas of glioblastoma, breast cancer, acute wound injuries, and burns; and clinical trials in the areas of chronic wound healing, eczema, acne, and post-burn itch (pruritis).
- 6.3 These trials will leverage the extensive anecdotal patient history developed by Aunt Zelda's

Agreements

- 6.4 Zelda has entered into an agreement with Aunt Zelda's providing for:
 - Exclusive data access for the planning and design of clinical trials in any therapeutic indication;
 - Payments linked to clinical milestones payable by Zelda to Aunt Zelda's;
 - Sales and sub-license royalties payable on any revenue generated by Zelda from formulations derived from Aunt Zelda's intellectual property. The royalties are payable to Aunt Zelda at a rate of 10% on net sales made by Zelda and 25% of sub-licensee fees; and
 - Zelda must pay Aunt Zelda a one-off \$250,000 within 7 days of producing any clinical trial.
- 6.5 The Company also has an agreement with Universidad Complutense de Madrid. The terms of this agreement are set out below:
 - Zelda have engaged a research team to determine the anti-tumour potential of various cannabinoid compounds in combination with standard anticancer treatments, particularly focussed on breast cancer;
 - Research is to be carried out between 1 April 2016 – 31 March 2018 for a consideration of €110,000 to be paid over the duration of the contract; and
 - The commencement of the project is subject to Zelda securing a minimum of \$3,000,000 in funding.

Cannabis Industry

- 6.6 Globally, there has been a recent increase in the number of jurisdictions legislating in favour of the use of cannabis for medical purposes. Numerous clinical trials and significant anecdotal evidence demonstrates medical benefits in a range of conditions including anti-convulsion, neuroprotection, anti-inflammatory, anti-nausea, glaucoma, pain management & cancer.
- 6.7 In Australia, cannabis is classified as a prohibited substance for which the use is deemed a criminal offence. However in all states except for New South Wales and Western Australia, there are varying levels of decriminalisation of minor cannabis offences.
- 6.8 In recent years several Australian states have proposed medicinal trials for the cultivation of cannabis for medical and research purposes, however laws have prohibited cannabis from being grown in Australia.
- 6.9 On 10 February 2016, the Australian government introduced to parliament legislation allowing the controlled cultivation of cannabis for medicinal or scientific purposes with the following key points:

- The proposed bill would involve Australia creating a national licensing and permit scheme to supply medical cannabis to patients with painful and chronic conditions on clinical trials;
- The legislation focussed on aiding supply to researchers and patients on clinical trials, and will be aimed to prevent access to cannabis for other patients and the general public; and
- Should Australia decide to treat cannabis similar to opium, patients dealing with chronic pain could be prescribed the drug.

6.10 The bill does not change the classification of cannabis as an illegal drug which cannot be prescribed by a doctor, but is considered a critical step toward the legalisation of medicinal cannabis throughout Australia.

Directors and management

6.11 The directors and key management of Zelda are summarised in the table below.

Table 7 Zelda Directors

Name	Title	Experience
Harry Karelis	Executive Chairman	Mr Karelis has in excess of 23 years diversified experience in the financial services sector including fundamental analysis, funds management and private equity investing and has acted as a Director on several public and private companies in Australia, Singapore and the United Kingdom. Mr Karelis is the founder of Titan Capital Partners, a privately held investment group involved in a range of projects. He is a Fellow of the Financial Services Institute of Australia, a Fellow of the Australian Institute of Company Directors and has qualified as a Chartered Financial Analyst (CFA) from the CFA Institute in the United States.
Mara Gordon	Director	Ms Gordon is the founder of Aunt Zelda's, a Californian-based business focused on producing high quality medicinal cannabis products. Ms Gordon graduated from the University of North Texas with a Bachelor of Arts (Political Science) and resides in California.
Jason Peterson	Director	Mr. Peterson serves as Senior Client Advisor of CPS Securities and has more than 19 years of experience in the financial advisory sector and specialises in corporate structuring, capital raisings, corporate and strategic advice to small and medium size companies and reverse takeovers. Mr Peterson holds a Bachelor of Commerce degree from Curtin University in Australia and Graduate Diploma of Finance from FINSIA (Financial Services Institute of Australia)/SDIA (Securities & Derivatives Institute of Australia).
Dr Stewart Washer	Director	Dr Washer has 20 years of CEO and Board experience in medical technology, biotech and agrifood companies. He is currently Chairman of ASX-listed Orthocell Ltd and Cynata Therapeutics Ltd and Chairman of privately-held Minomic International Ltd.
Scott Walters	Advisor to the board	Mr Walters has more than 20 years' experience in the capital markets and has most recently focused on the Canadian medical cannabis industry where he is an advisor and entrepreneur. He is currently a senior executive with Jacob Securities Inc. specialising in servicing the Canadian medical cannabis industry. Mr Walters resides in Canada.

Source: Company

Financial Performance

6.12 Zelda was only recently established and only has unaudited financial statements for the period ending 31 December 2015. We set out these financial statements below.

Table 8 Zelda financial performance

	Ref:	31-Dec-15 Unaudited \$
Income		
Revenue	6.13	250,284
Expenditure		
Accounting fees		(290)
Bank charges		(8)
Consultancy expenses		(62,500)
Legal expenses		(10,854)
Website expenses		(3,790)
Travel expense		(11,407)
Interest expense		(3,130)
Profit before income tax		158,305
Income tax expense		-
Profit for the period		158,305
Other comprehensive income		-
Total comprehensive income for the period		158,305

Source: Zelda Management

- 6.13 Revenue includes the Fee of \$250,000 paid by GLN to Zelda as consideration for entering into the heads of agreement. The Fee is refundable in certain circumstances.

Financial Position

- 6.14 The table below sets out a summary of the unaudited financial position of Zelda as at 31 December 2015.

Table 9 Zelda financial position

	Ref:	31-Dec-15 Unaudited \$
Current Assets		
Cash at bank		409,609
Trade and other receivables		8,735
Total Current Assets		418,344
Total Assets		418,344
Liabilities		
Current Liabilities		
Trade and other payables		60,038
Borrowings	0	200,000
Total Current Liabilities		260,038
Total Liabilities		260,038
Net Assets		158,306
Equity		
Issued Shares		1
Current year earnings		158,305
Total Equity		158,306

Source: Zelda Management

- 6.15 Borrowings represent a loan between Zelda and MJ Life Sciences Pty Ltd which was entered into following Zelda's inauguration on 7th August 2015. The loan acts as a working capital facility and is intended to be repaid in full following a substantial capital raising. A summary of the loan details is set out below.

Table 10 Loan details

Terms	
Lender	MJ Life Sciences Pty Ltd
Borrower	Zelda Therapeutics Pty Ltd
Loan Facility Amount	AUD \$300,000
Prescribed Rate	10% per annum
Repayment Date of the Loan Facility	30 June 2016

Source: Zelda Management

Capital Structure

- 6.16 The top 20 shareholders of Zelda as at 13 May 2016 are set out below.

Table 11 Zelda Top 20 shareholders

Rank	Zelda Shareholder	Number of Zelda shares held	% interest of fully paid ordinary shares in Zelda
1	Mara Gordon	25,000,000	24.89%
2	Mr Jason Peterson +	14,970,060	14.90%
3	Gemelli Nominees Pty Ltd	13,473,054	13.41%
4	Mal Washer Nominees Pty Ltd <Mal Washer Family a/c>	10,170,060	10.12%
5	Naam General Trading Company Limited	8,982,036	8.94%
6	Craig Lawrence Darby	4,000,000	3.98%
7	Goldney Pty Ltd	2,994,012	2.98%
8	Mr Alan Trounson,	2,994,012	2.98%
9	Copper Lake Holdings Limited	2,994,012	2.98%
10	Mr Jason Peterson +	1,497,006	1.49%
11	Mrs Sybil Marie Giddy,	1,497,006	1.49%
12	John W King Nominees Pty Ltd,	1,197,605	1.19%
13	Mulloway Pty Ltd	800,000	0.80%
14	Pinewood Asset Pty Ltd	748,503	0.75%
15	Russell John Francis	748,503	0.75%
16	Mrs Grace De Vita,	598,802	0.60%
17	Mr Gary Robert Thorniley +	598,802	0.60%
18	Ouro Pty Ltd	598,802	0.60%
19	Danny Stephens Family Trust	598,802	0.60%
20	Mr Mario Di Lallo +	449,102	0.45%
Total top 20		94,910,181	94.49%
Total		100,449,102	100.00%

Source: Zelda Management

- 6.17 The above capital structure does not include the Convertible Notes.

7. Valuation approach

Valuation methodologies

- 7.1 In assessing the Fair Value of an ordinary GLN share prior to and immediately following the Proposed Transactions, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow (“DCF”) method and the estimated realisable value of any surplus assets;
 - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
 - the amount which would be available for distribution on an orderly realisation of assets;
 - the quoted price for listed securities; and
 - any recent genuine offers received.
- 7.2 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

- 7.3 Market based methods estimate the Fair Value by considering the market value of a company’s securities or the market value of comparable companies. Market based methods include;
- The quoted price for listed securities; and
 - Industry specific methods.
- 7.4 The recent quoted price for listed securities method provides evidence of the fair market value of a company’s securities where they are publicly traded in an informed and liquid market.
- 7.5 Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income based

- 7.6 Income based methods estimate value by calculating the present value of a company’s estimated future stream of earnings or cash flows. Income based methods include:
- Capitalisation of maintainable earnings; and
 - Discounted cash flow methods.
- 7.7 The capitalisation of earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings (“FME”) of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.
- 7.8 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company’s cash flows at the end of the forecast

period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

Asset based methods

- 7.9 Asset based methodologies estimate the Fair Value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:
- orderly realisation of assets method;
 - liquidation of assets method; and
 - net assets on a going concern basis.
- 7.10 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 7.11 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame.
- 7.12 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

Selection of Valuation Methodologies

Valuation of a GLN share pre the Proposed Transaction (control basis)

- 7.13 In assessing the value of a GLN share prior to the Proposed Transaction we have utilised the sum of parts methodology.
- 7.14 We have also utilised the quoted market price methodology as a secondary valuation method.
- 7.15 Our valuation methodologies were selected on the following basis:
- During the 6 months to 31 December 2015, GLN's exploration assets were fully impaired. There are no current sale offers in relation to the licenses despite GLN's stated intention to seek alternative assets. GLN does not have any other significant assets other than cash. As such, the most appropriate basis of valuation is the book value of asset and liabilities.
 - GLN's shares are listed on the ASX which means there is a regulated and observable market for its shares. However, consideration must be paid to adequate liquidity and activity in order to rely on the quoted market price method;
 - In our opinion, the DCF methodology cannot be used as future revenue and expenses cannot be forecast with sufficient reasonable basis to meet the requirements of RG111; and
 - The FME methodology is not appropriate as GLN does not have a history of profits.

Valuation of a GLN share post the Proposed Transaction (non-control basis)

- 7.16 In assessing the value of GLN post the Proposed Transaction, we have used the pre Proposed Transaction value and included the impact of the Proposed Transaction assuming it proceeds. In particular, we have made the following adjustments:
- Eliminated any value attributable to the shell company status of GLN;
 - Included the value of Zelda's assets and liabilities at face value;
 - Calculated a high value for Zelda's operations by using comparable company enterprise values and adjusting these values for Zelda's stage of development for its intellectual property ("IP");
 - Included the cash raised as a result of the capital raising that is a condition of the Proposed Transaction;
 - Included cash raised as a result of an assumed issue of \$1.05m in convertible notes to Zelda immediately prior to the Proposed Transaction;
 - Included any dilution from the issue of shares;
 - Included specific costs associated with the Proposed Transaction; and
 - Included the payments made to convertible note holders plus the GLN shares issued to convertible note holders.
- 7.17 We have then assessed the value of a GLN share post the Proposed Transaction on a non-controlling basis by adjusting for minority discount.
- 7.18 Our valuation methodologies adopted for valuing Zelda were selected on the following basis:
- It is reasonable to value assets and liabilities at carrying value where these assets have been recently purchased; and
 - The market value of IP can be implied from comparable company market values where stages of development might be similar and there is a liquid market of companies holding IP.

8. Valuation of GLN Prior to the Proposed Transaction

- 8.1 As stated at paragraph 7.13 we have assessed the value of a GLN share prior to the Proposed Transaction on a sum of parts basis and have also considered the quoted price of its listed securities. In both valuations, we have included a premium for control.

Sum of parts valuation

- 8.2 We have assessed the value of a GLN share on a control basis to be between \$0.006 and \$0.010 per post-consolidation share, prior to the Proposed Transaction, based on the sum of parts valuation methodology, as summarised in the table below.

Table 12 Assessed fair value of a GNL Share – sum of parts basis

	Ref.	31-Dec-15 \$	Low \$	High \$
Net tangible assets	8.3	170,272	170,272	170,272
Value of the Company as a listed shell		-	500,000	1,000,000
Net assets (sum of parts)		170,272	670,272	1,170,272
Post-consolidation number of shares on issue	8.4		120,627,672	120,627,672
Value per share (undiluted)			\$0.006	\$0.010

Source: RSM analysis

- 8.3 Our assessment has been based on the reviewed net assets of GLN as at 31 December 2015 of approximately \$0.2 million as per the Company's financial statements. We have been advised that there has been no significant change in the net assets of GLN since 31 December 2015.
- 8.4 The value per share is shown on a post-consolidation basis assuming the one for five share consolidation is completed in accordance with Resolution 2.
- 8.5 In order to calculate a current market value of GLN's shares, we have made a number of adjustments to the carrying values of net assets included in the Statement of Financial Position. These adjustments are set out below.

Value of a listed shell

- 8.6 In considering the value of the listed shell we have reviewed similar recent transactions and the values attributed to shells. We have also considered comparable dormant listed companies and concluded that the value of a shell is between \$0.5 million and \$1 million based on recent data.

Quoted Price of Listed Securities (secondary method)

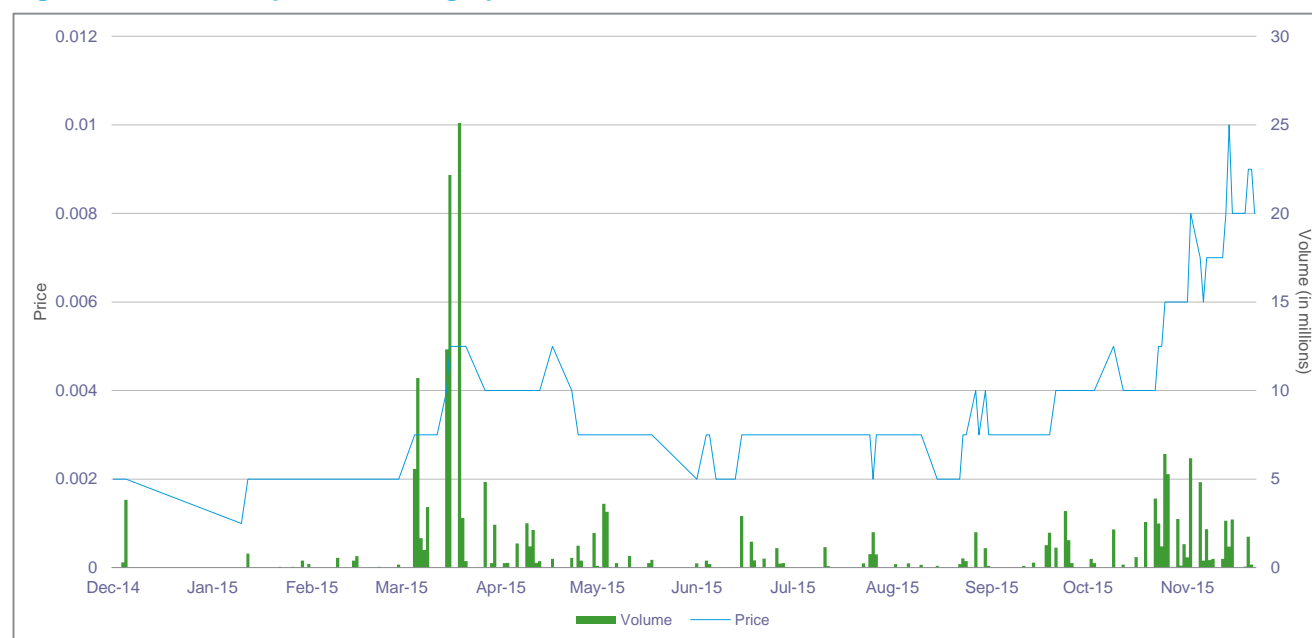
8.7 In order to provide a comparison and cross check to our sum of parts valuation of GLN, we have considered the recent quoted market price for GLN's shares on the ASX prior to the announcement of the Proposed Transaction.

8.8 Unless stated, the analysis in this section is based on the pre-consolidation capital structure of GLN.

Analysis of recent trading in GLN shares

8.9 The figure below sets out a summary of GLN's closing share price and volume of GLN shares traded in the 12 months to 8 December 2015, the date prior to the announcement of the Proposed Transaction. The assessment only reflects trading prior to the announcement of the Proposed Transaction in order to avoid the influence of any movement in price that may have occurred as a result of the announcement.

Figure 3 GLN share price volume graph



Source: S&P Capital IQ

8.10 Over the trading period prior to the announcement of the Proposed Transaction, GLN shares have traded at a high of \$0.010 and a low of \$0.001. Trade volumes peaked at 25 million on 30 March 2015, which followed the announcement of the non-binding merger with Myostin Therapeutics earlier in the month.

8.11 Trade volumes were minimal over the next six months, with a small spike in activity in mid-October, following the announcement of a \$0.4 million capital raising on 13 October 2015 for the issue of 120 million new shares. The share price correspondingly saw an increase during this time.

8.12 In the month of November 2015 the trading volumes and share price increased significantly. There were no Company announcements over this period so it appears that the market was speculating of a potential upcoming transaction.

- 8.13 To provide further analysis of the quoted market prices for GLN's shares, we have considered the VWAP over a number of trading day periods ending 8 December 2015. An analysis of the volume in trading in GLN's shares for the 1, 10, 30, 60, 90, 120 and 180 day trading periods is set out in the table below.

Table 13 Traded volumes of GLN Shares to 8 December 2015

	1 Day	10 Day	30 Day	60 Day	90 Day	120 Day	180 Day
VWAP (\$)	-	0.009	0.006	0.006	0.005	0.005	0.005
Total Volume (000's)	-	5,883	50,169	63,617	72,139	80,564	160,868
Total Volume as a % of Total Shares	0.00%	0.98%	8.32%	10.55%	11.96%	13.36%	26.67%
Low Price (\$)	-	0.008	0.004	0.003	0.002	0.002	0.002
High Price (\$)	-	0.010	0.010	0.010	0.010	0.010	0.010
Trading Days (no.)	-	5	23	36	50	63	95

Source: S&P Capital IQ

- 8.14 The table above indicates low volume and low liquidity in GLN shares, with only 8.32% of total shares traded over 30 trading days prior to the announcement of the Proposed Transaction. This is reflective of a relatively illiquid stock. However, we note that the trading activity appears to have increased in the 60 days leading up to the announcement of the Proposed Transaction, which is likely due to speculation of a transaction, rather than reflecting the underlying value of GLN's existing assets.
- 8.15 An analysis of trading prior to 1 November 2015 indicates that just 2.7% of GLN shares were traded over a period of 30 trading days, which is highly illiquid, and the 30 day volume weighted average price was \$0.004.

Value of a GLN Share on a non-control minority basis

- 8.16 As we have noted, recent trading of GLN shares is likely to have included speculation of a transaction. Therefore we have selected the 30-day VWAP for trading prior to 1 November 2015. Therefore, in our opinion, \$0.004 reflects the quoted market price valuation of a GLN share on a minority basis prior to the Proposed Transaction.

Valuation of a GLN share (quoted price of listed securities methodology)

- 8.17 Our valuation of a GLN share, on the basis of the recent quoted market price including a premium for control is approximately \$0.004 on a pre-consolidation basis and is between \$0.025 and \$0.027 on a post-consolidation basis, as summarised in the table below.

Table 14 Assessed value of a GLN share – Quoted Price of Listed Securities

	Ref.	Low	High
30-day VWAP of a GLN share at 1 November 2015	8.16	\$0.004	\$0.004
Add premium for control	8.19	25%	35%
Quoted market price controlling value		\$0.005	\$0.005
Consolidation multiple		5.0x	5.0x
Consolidated quoted market price controlling value		\$0.025	\$0.027

Source: RSM analysis

Key assumptions

Control Premium

- 8.18 The value derived at paragraph 8.17 is indicative of the value of a marketable parcel of shares assuming the shareholder does not have control of GLN. RG 111.11 states that when considering the value of a company's shares the expert should consider a premium for control. If the Proposed Transaction is successful, Zelda shareholders (including Jason Peterson) will hold an interest of at least 48.9% of the issued share capital of GLN and, therefore, as explained in Section 4 above our assessment of the Fair Value of a GLN share must include a premium for control.
- 8.19 In selecting a control premium we have given consideration to the RSM 2013 Control Premium Study. The study performed an analysis of control premiums paid over a 7-year period to 31 December 2012 in 345 successful takeovers and schemes of arrangements of companies listed on the ASX. Our study concluded that, on average, control premiums in takeovers and schemes of arrangements involving Australian companies in the mining and metals sectors was in the range of 25% to 35%. In valuing an ordinary GLN Share prior to the Proposed Transaction using the quoted price of listed securities methodology we have reflected a premium for control in the range of 25% to 35%.

Valuation summary and conclusion

- 8.20 A summary of our assessed values of an ordinary GLN share on a control basis pre the Proposed Transaction, derived under the two methodologies, is set out in the table below.

Table 15 GLN Share valuation summary

	Ref.	Low	High
Sum of parts	8.2	\$0.006	\$0.010
Quoted market value	8.17	\$0.025	\$0.027
Preferred valuation		\$0.006	\$0.010

Source: RSM analysis

- 8.21 In our opinion, we consider that the sum of parts valuation methodology provides a better indicator of the fair value of a GLN share as we consider our analysis of the trading of GLN's shares prior to the announcement of the Proposed Transaction indicates that the market for GLN's shares is not deep enough to provide an assessment of their fair value via the quoted market price methodology.
- 8.22 Therefore, in our opinion, the fair value of a GLN share prior to the Proposed Transaction is between \$0.006 and \$0.010 on a controlling, post-consolidation and undiluted basis.

9. Valuation of GLN Following to the Proposed Transaction

- 9.1 We summarise our valuation of a GLN share subsequent to the Proposed Transaction on a sum of parts basis and incorporating the net assets on a going concern in the table below.

Table 16 Assessed value of GLN post the Proposed Transaction

	Ref:	Low Value \$	High Value \$
Net assets of GLN pre Proposed Transaction	5.13	170,272	170,272
Value of Zelda	9.4	2,762,011	24,582,972
Cash received from convertible notes	9.17	1,050,000	1,050,000
Undiluted value of GLN		3,982,283	25,803,244
Number of shares on issue pre Proposed Transaction		120,627,672	120,627,672
Shares issued to Zelda shareholders		320,000,000	320,000,000
Shares issued to Zelda convertible note holders	9.17	52,500,000	52,500,000
Shares issued to advisors		16,000,000	16,000,000
Total shares after Proposed Transaction		509,127,672	509,127,672
Post-consolidation value per share		0.008	0.051
Discount for minority interest	9.18	(0.002)	(0.010)
Minority value per share (undiluted)	9.2	0.006	0.041
Impact of the Equity Raising (\$3 million):			
Net cash raised from condition precedent Equity Raising	9.19	2,730,000	2,730,000
Value of GLN including Equity Raising		6,712,283	28,533,244
Shares issued in condition precedent Equity Raising	9.19	120,000,000	120,000,000
Total shares after Proposed Transaction and Equity Raising		629,127,672	629,127,672
Minority value per share after Equity Raising	1.1	0.011	0.045

Source: RSM analysis

- 9.2 We consider that the minority value of a GLN share post the Proposed Transaction is between \$0.006 and \$0.041 on a post-consolidation, undiluted basis and excluding the capital raising that is a condition precedent.
- 9.3 We have adjusted the net asset value and shares on issue of GLN for the following:

Value of Zelda

- 9.4 We have assessed the value of Zelda on a control basis to be between approximately \$2.8 million and \$24.6 million, based on the sum of parts valuation methodology, as summarised in the table below.

Table 17 Assessed equity value of Zelda

	Ref:	Low Value \$	High Value \$
Enterprise value	9.10	2,000,000	18,000,000
Add net cash	9.14	209,609	209,609
Equity value (minority interest)		2,209,609	18,209,609
Control premium	9.16	25%	35%
Equity value (controlling interest)	9.4	2,762,011	24,582,972

Source: RSM analysis

Enterprise value

- 9.5 The process that we have followed to identify broadly comparable companies for our valuation includes the following steps:
- Identify companies undertaking research and/or development of cannabinoid-based medicines;
 - Identified public companies undertaking research and/or development of cannabinoid-based medicines having regard to:
 - Nature of operations – we generally considered only those companies at early stage research and/or development of cannabis based pharmaceutical products for medicinal purposes; and
 - Sales – we generally considered only companies with sales that were low or nil as this is indicative of early stage biotechnology companies whose drugs are in the development phase and have not yet been approved to be marketed;
 - Calculate the enterprise value of these companies in AUD; and
 - Extrapolated the value of Zelda from the broadly comparable companies having regard to a number of company specific factors in relation to Zelda.
- 9.6 Details of the comparable companies which are summarised in the table below are included at Appendix D to this report.

Table 18 Comparable companies

Company	Country	Net debt A\$M	Market Cap A\$M	Enterprise value A\$M
MMJ Phytotech Limited	Australia	(1.9)	41.6	39.7
MGC Pharmaceuticals	Australia	(0.2)	13.2	13.0
Acacia Diversified Holdings, Inc.	United States	(0.2)	32.9	32.6
Cannabis Science, Inc.	United States	2.2	27.0	29.1
Nemus Bioscience Inc.	United States	(0.3)	20.9	21.1
OWC Pharmaceutical Research Corp.	Israel	(1.8)	9.2	8.4
Abattis Bioceuticals Corp.	Canada	(0.3)	4.2	3.5
Peak Pharmaceuticals, Inc.	United States	(0.3)	2.3	2.0
Min		(1.9)	2.3	2.0
Median		(0.3)	17.1	17.1
Average		(0.3)	18.9	18.7
Max		2.2	41.6	39.7

Source: S&P Capital IQ

- 9.7 We note the average enterprise value is A\$18.7 million and the median is A\$17.1 million.
- 9.8 On consideration of the comparable companies in relation to Zelda, we consider the enterprise value of Zelda to be at the lower end of comparable companies due to the business being in the early stage start-up phase and currently having limited access to funding.
- 9.9 However, given the greater value placed on the two Australian comparable companies and recent and expected future changes to the industry, we consider the average and median enterprise values of the comparable companies to be reflective of the upper enterprise value of the business.
- 9.10 Therefore, we have assessed the enterprise value of Zelda at between \$2.0 million and \$18.0 million on a minority basis.
- 9.11 These values are supported by recent control transactions on the ASX as set out in the table below:

Table 19 Comparable control transactions

Target Name	Acquirer	Announcement Date	Value of Upfront Consideration A\$M	Type of Upfront Consideration	Conditional Consideration	Implied Enterprise Value Based on Upfront Consideration A\$M
Phytotech Medical Limited	N/A	02/12/2014	5.0	Cash	25,000,000 shares	3.0
MMJ Bioscience Inc	Phytotech Medical Limited	24/03/2015	15.56	Cash/Scrip	17,000,000 shares	15.56
MGC Global Limited	Erin Resources Limited	17/05/2015	1.73	Cash/Scrip	200,000,000 shares	1.73
Min						1.73
Median						8.0
Average						8.3
Max						15.56

Source: S&P Capital IQ

- 9.12 The table above indicates three significant transactions have taken place on the ASX since December 2014.
- 9.13 The first transaction in the table (Phytotech Medical Limited) was an Initial Public Offering (“IPO”) that valued the enterprise of the company at \$3 million based on the IPO price. Although this was not a transaction where a single buyer obtained control, we note that the IPO resulted in new shareholders holding 62.5% of Phytotech Medical Limited.
- Net cash*
- 9.14 We note that at 31 December 2015, Zelda had \$209,609 of net cash (total cash less total debt) on its balance sheet.
- Control premium*
- 9.15 The enterprise values of the comparable companies in Table 18 above are based on the market values of the companies and is therefore a minority value. RG 111.11 states that when considering the value of a company’s shares the expert should consider a premium for control. If the Proposed Transaction is successful, Zelda shareholders (including Jason Peterson) will hold an interest of at least 48.9% of the issued share capital of GLN, therefore our assessment of the fair value of a GLN share must include a premium for control.

- 9.16 As set out in paragraph 8.19 above, we have reflected a premium for control in the range of 25% to 35%. However, our lower assessed value of Zelda is the net cash balance of the company which is a controlling value. We therefore assume no premium for control for the lower value.

Conversion of Zelda convertible notes

- 9.17 Zelda issued a total of \$1.05 million in Convertible Notes in April 2016. The terms of the Convertible Notes provide for conversion directly into 52,500,000 post-consolidation GLN shares immediately prior to the Acquisition.

Minority interest discount

- 9.18 In selecting a minority discount we have given consideration to our control premium applied in Paragraph 8.19, where we established a range for a control premium of between 25% and 35%. The resulting corresponding minority discount range based on said control premiums is between 20% and 26%.

Condition precedent capital raising

- 9.19 We have adjusted the net asset value of GLN post the Proposed Transaction by \$3 million (less \$270,000 for transaction and capital raising costs) and the 120 million GLN shares issued to reflect the minimum capital raising that is a condition precedent of the Proposed Transaction. We have assumed that this capital was raised at the absolute minimum price of \$0.025 per share (on a consolidated basis).

Value per share excluding impact of condition precedent capital raising

- 9.20 We have considered the value of a GLN share post the Proposed Transaction but prior to the capital raising so that shareholders can consider the impact of the Proposed Transaction without the influence of a capital raising that could potentially be value accretive.
- 9.21 Resolution 6 requires approval for the Equity Raising at a post-consolidation issue price of not less than \$0.025 to raise a minimum of \$3 million and up to a maximum of \$4 million. Equity Raising costs are assumed to be \$270,000.

10. Is the Proposed Transaction fair to GLN Shareholders?

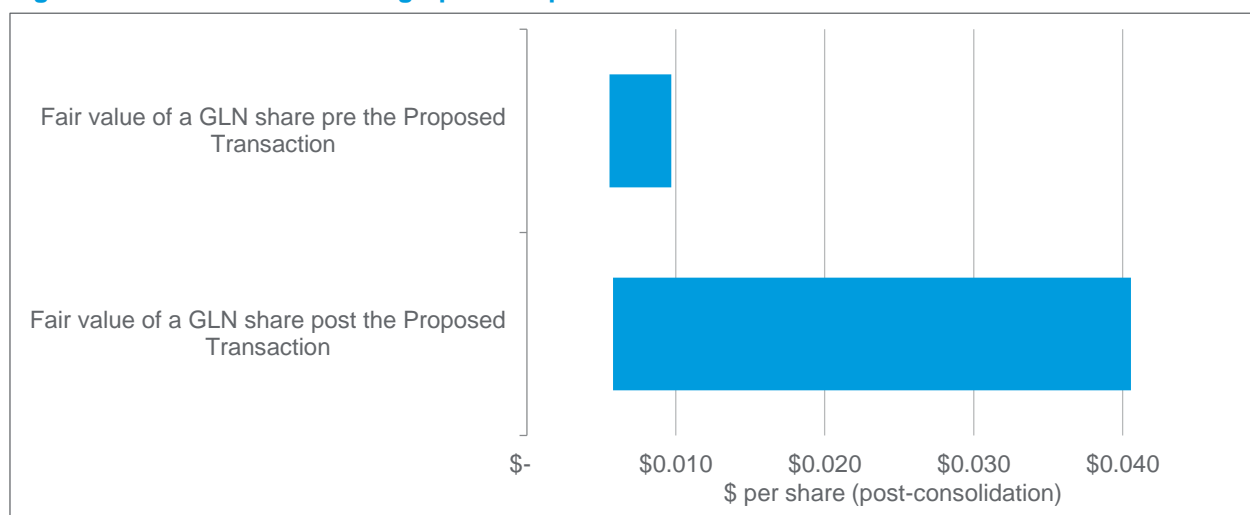
- 10.1 Our assessed values of a GLN share prior to and immediately after the Proposed Transaction, are summarised in the table and figure below.

Table 20 Assessed values of a GLN share pre and post the Proposed Transaction

Assessment of fairness	Ref:	Value per Share	
		Low	High
Fair value of a GLN share pre the Proposed Transaction - Control basis	8.2	\$0.006	\$0.010
Fair value of a GLN share post the Proposed Transaction - Non control basis and excluding the capital raising	9.2	\$0.006	\$0.041

Source: RSM analysis

Figure 4 GLN Share valuation graphical representation



Source: RSM analysis

- 10.2 The large range in the value of a GLN share post the Proposed Transaction is driven by assuming a \$2 million enterprise value at the lower end of the comparable company valuation range. We consider this low value acceptable because Zelda operates in a relatively new global market with potential products that require clinical testing before they can be commercially exploited. Despite the knowledge and history purchased by Zelda through its relationship with Aunt Zeldas, there is no guarantee that the products subsequently created will prove to provide medicinal benefits or be commercially viable.
- 10.3 The upper end of the value post the Proposed Transaction captures the upside value in Zelda which recognises that Zelda is entering a new, growing and increasingly accessible industry with global potential and with knowledge of the effectiveness of certain formulae already prescribed by Aunt Zeldas. On this basis, we are comfortable with the significance of the valuation range.
- 10.4 Therefore, in accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of ASX Listing Rule 10.1, we consider the Proposed Transaction to be fair to the Non-Associated Shareholders of GLN as the value of a GLN share pre the Proposed Transaction is within the range of the value of a GLN share post the Proposed Transaction.

11. Is the Proposed Transaction Reasonable?

11.1 RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The future prospects of GLN if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding.

Stated Intentions of Mr Peterson in relation to the Proposed Transaction

11.2 The stated intentions of Mr Peterson in relation to the Proposed Transaction are not to make any significant changes to the business of the Company, subject to the Proposed Transaction.

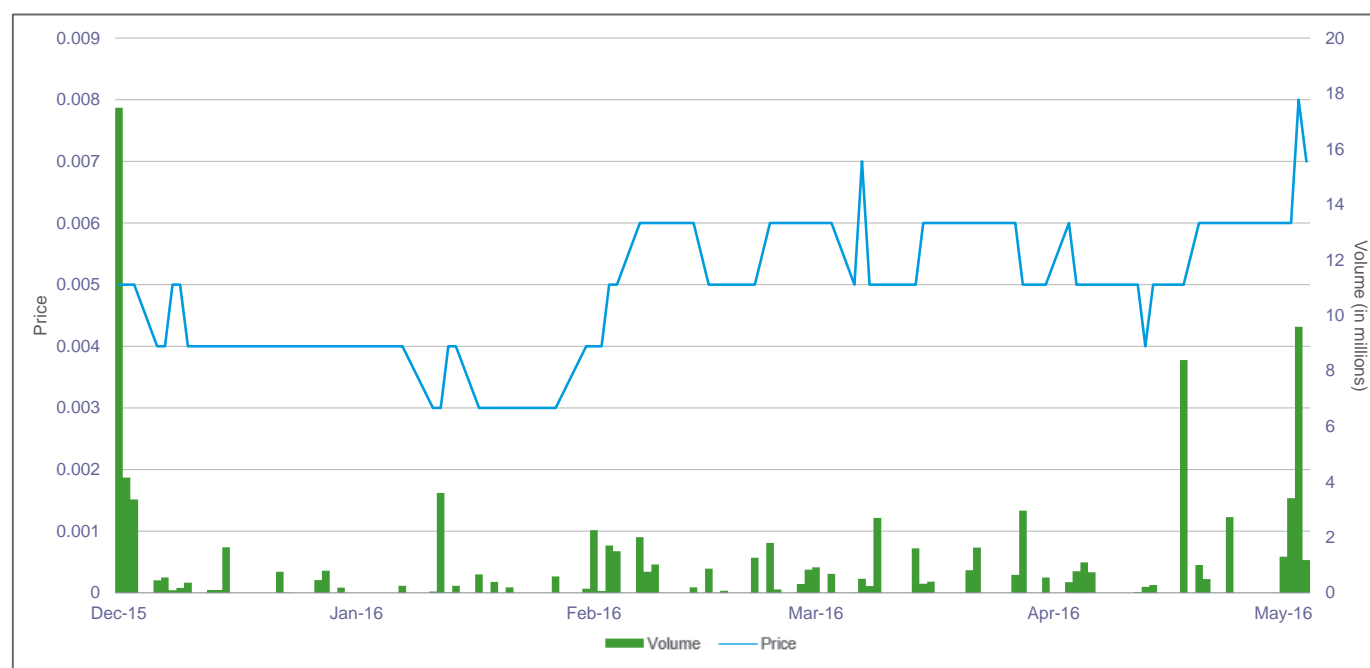
Future prospects of GLN if the Proposed Transaction does not proceed

11.3 If the Proposed Transaction does not proceed then it is possible that GLN will forfeit its option fee and leave the Company with limited cash and other assets which may require the Company to seek additional capital. If the Proposed Transaction does not proceed then GLN will continue to focus on maximising the value from its existing assets while simultaneously seeking alternative investments to add value to shareholders.

Trading in GLN shares following the announcement of the Proposed Transaction

11.4 As demonstrated in the chart below, there was a moderate or negative response to the announcement of the Proposed Transaction.

Figure 5 GLN post announcement share price volume chart



Source: S&P Capital IQ/ ASX

11.5 The chart above shows that the GLN share price initially declined following the announcement of the Proposed Transaction to \$0.003 however more recently shares have traded in the range of \$0.005 to \$0.008 per share on a pre-consolidation basis.

Advantages and disadvantages

- 11.6 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceed than if they do not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

Advantages of approving the Proposed Transaction

Advantage 1 – The Proposed Transaction is fair

- 11.7 RG 111 states that a transaction is reasonable if it is fair.

Advantage 2 – The Company will be exposed to a new, growing industry

- 11.8 The Company will be exposed to a rapidly growing industry, and Shareholders have the ability to gain exposure to future opportunities as the medicinal cannabis industry becomes increasingly accessible.

Advantage 3 – New Directors will add relevant experience, skills and networks to the Company

- 11.9 The appointment of the Proposed Directors will add relevant experience, skills and networks to the Board to assist with the growth of the Company.

Advantage 4 – The Company's ability to raise funds and attract strategic investors may be improved

- 11.10 The Company's ability to raise additional funds and attract strategic investors may be improved once the Acquisition is completed and as pre-clinical research and clinical trials are completed. This depends greatly on the results of the pre-clinical research and clinical trials.

Advantage 5 – Increase liquidity in the shares

- 11.11 The Acquisition may encourage new investors in the Company which may lead to increased liquidity of Shares and greater trading depth than currently experienced by Shareholders.

Disadvantages of approving the Proposed Transaction

Disadvantage 1 – Change in nature and scale of activities

- 11.12 The Company will be changing the nature and scale of its activities to become a company focussed on pre-clinical research and designing and conducting clinical trials involving the use of medicinal cannabis, which may not be consistent with the objectives of all Shareholders.

Disadvantage 2 – Dilution on Non-Associated Shareholders

- 11.13 The Proposed Transaction will result in the issue of Shares and Options to the Zelda Shareholders, Zelda Noteholders and new investors, which will have a significant dilutive effect on the holdings of existing Shareholders.

Disadvantage 3 – Change in risk profile of the Company

- 11.14 The activities of Zelda has a different risk and reward profile than the Company has historically. Zelda is an early stage biotechnology company with no income and a focus on medicinal cannabis use, which is a niche industry in an unproven market that is at risk of remaining largely illegal and highly regulated. This new risk profile may not suit all Shareholders.

Alternative Proposal

- 11.15 We are not aware of any alternative proposal at the current time which might offer the Non-Associated Shareholders of GLN a greater benefit than the Proposed Transaction.

Conclusion on Reasonableness

- 11.16 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of GLN.
- 11.17 An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

Yours faithfully

RSM CORPORATE AUSTRALIA PTY LTD

A GILMOUR

G YATES

Director

Director



APPENDICES

A. DECLARATIONS AND DISCLAIMERS

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Mr. Andrew Gilmour and Mr Glyn Yates are directors of RSM Corporate Australia Pty Ltd. Both Mr Gilmour and Mr Yates are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Security. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Gleneagle Gold Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Andrew Gilmour, Glyn Yates, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of \$22,500 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Gleneagle Gold Limited receives Shareholder approval for the Security, or otherwise.

Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Extraordinary General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of Extraordinary General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting;
- Audited financial statements for GLN for the years ended 30 June 2013, 30 June 2014 and 30 June 2015;
- Reviewed half yearly accounts of GLN for the period to 31 December 2015;
- Draft financial statements of Zelda for the period to 31 December 2015;
- Binding Heads of Agreement dated 8 December 2015
- ASX announcements of GLN;
- Convertible Notes binding terms sheet;
- S&P Capital IQ database; and
- Discussions with Directors, Management and staff of GLN.

C. GLOSSARY OF TERMS

Term or Abbreviation	Definition
\$	Australian Dollar
Act	Corporations Act 2001 (Cth)
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
CAGR	Compound annual growth rate
Connect 4	An entity of Thompson Reuters which is an aggregator of ASX listed company announcements and disclosures
Company	GLN
Control basis	As assessment of the fair value on an equity interest, which assumes the holder or holders have control of entity in which the equity is held
DCF	A method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate
Directors	Directors of GLN
EBIT	Earnings, Before, Interest and Tax
EBITDA	Earnings, Before, Interest, Tax, Depreciation and Amortisation
Equity	The owner's interest in property after deduction of all liabilities
EV	Enterprise Value, meaning, the total value of the equity in a business plus the value of its debt or debt-related liabilities, minus any cash or cash equivalents available to meet those liabilities
Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FY##	Financial year ended 30 June
GLN	Gleneagle Gold Limited
IER	This Independent Expert Report
Non Associated Shareholders	Shareholders who are not a party, or associated to a party, to the Proposed Transaction
Non control basis	As assessment of the fair value on an equity interest, which assumes the holder or holders do not have control of entity in which the equity is held
Notice	The notice of meeting to vote on the Proposed Transaction
NPBT	Net Profit Before Tax
NPAT	Net Profit After Tax
Regulations	Corporations Act Regulations 2001 (Cth)
Report	This Independent Experts Report prepared by RSM dated 18 May 2016
RG 111	ASIC Regulatory Guide 111 Contents of Expert's Reports
RSM	RSM Corporate Australia Pty Ltd
S&P Capital IQ	An entity of Standard and Poors which is a third party provider of company and other financial information
Proposed Transaction	It has the meaning given to the term in paragraph 1.2 of this Report
VWAP	Volume weighted average share price

D. COMPARABLE COMPANIES

Table 21 Comparable company business description

Company Name	Business Description
MMJ Phytotech Limited	MMJ PhytoTech Limited focuses on the development and commercialization of medical grade cannabis and cannabis based therapeutics products in Australia and internationally. It develops Sativol, a proprietary gastro-resistant cannabidiol pill for use as a dietary supplement; capsule based vaporisers; oral capsules to treat pain and spasticity of multiple sclerosis; and inner cheek patch that comprises active cannabinoid ingredients for providing continuous delivery of THC and CBD for 4-6 hours. The company was formerly known as PhytoTech Medical Limited and changed its name to MMJ Phytotech Limited in June 2015. MMJ Phytotech Limited was incorporated in 2014 and is based in Nedlands, Australia.
MGC Pharmaceuticals	MGC Pharmaceuticals Ltd operates as a medical and cosmetic cannabis company. The company was formerly known as Erin Resources Limited and changed its name to MGC Pharmaceuticals Limited in December 2015. MGC Pharmaceuticals Limited is based in Perth, Australia.
Acacia Diversified Holdings, Inc.	Acacia Diversified Holdings, Inc. focuses in the extraction and processing of high-CBD/low-THC content medical grade cannabis oils from medical hemp plants in the United States. It also intends to engage in the research and development activities, as well as retail and wholesale distribution of medical cannabis products and dietary supplements. The company was formerly known as Acacia Automotive, Inc. and changed its name to Acacia Diversified Holdings, Inc. in October 2012. Acacia Diversified Holdings, Inc. was incorporated in 1984 and is based in Clearwater, Florida.
Cannabis Science, Inc.	Cannabis Science, Inc. develops, produces, and commercializes phytocannabinoid-based pharmaceutical products. It develops medicines to treat autism, blood pressure, cancer, and cancer side effects, as well as other illnesses, including general health maintenance. The company is developing CS-TATI-1 for newly diagnosed and treatment-experienced patients with drug-resistant HIV strains, as well as for those intolerant of available therapies; CS-S/BCC-1 for basal and squamous cell carcinomas; and a proprietary cannabis-based therapy for neurological conditions. In addition, it provides an online video-based medical cannabis education system comprising various courses, such as medical cannabis law, medical marijuana, cooking, horticulture, and bud tending. The company has a license agreement with Apothecary Genetics Investments LLC. to produce various brand formulations for California medical cannabis market. It also has collaboration with IGXBio, Inc. to develop GenePro, a DNA-based immunotherapeutic drug. Cannabis Science, Inc. is based in Colorado Springs, Colorado.
Nemus Bioscience Inc.	Nemus Bioscience, Inc., a biopharmaceutical company, focuses on the discovery, development, and commercialization of therapeutics based on naturally-derived or synthetically manufactured cannabis compounds. It is developing therapeutic products for the treatment of glaucoma and other optic nerve-related disorders, conditions associated with muscle spasticity, anxiety, epilepsy, and methicillin-resistant staphylococcus aureus. The company was founded in 2012 and is headquartered in Costa Mesa, California.
OWC Pharmaceutical Research Corp.	OWC Pharmaceutical Research Corp. engages in the research and development of Cannabis-based medical products. The company provides medical products for the treatment of various medical conditions and/or diseases, such as multiple myeloma, psoriasis, PTSD, and migraines; and delivery systems. It is also involved in the development, manufacture, and sale of electronic percussion devices that provide electromagnetic percussion hammer. The company, formerly known as Dynamic Applications Corp., was founded in 2008 and is based in Petach Tikva, Israel.
Abattis Bioceuticals Corp.	Abattis Bioceuticals Corp., a biotechnology company, produces, licenses, and markets proprietary ingredients and formulas for use in biopharma, nutraceutical, cosmetic, and animal nutrition markets. The company supports the production and extraction of botanical ingredients for various products, including cannabis; and focuses on offering medical marijuana and specialized health products. It is also involved in the research and marketing activities in the areas of botanical and natural health products. The company was formerly known as Abattis Biologix Corporation and changed its name to Abattis Bioceuticals Corp. in September 2012. Abattis Bioceuticals Corp. was incorporated 1997 and is headquartered in Vancouver, Canada.
Peak Pharmaceuticals, Inc.	Peak Pharmaceuticals, Inc., a bio-pharmaceutical and nutraceutical company, engages in the development, manufacture, marketing, and sale of medicinal products based on extracts from hemp in the United States. It is involved in the development of over-the-counter, tetrahydrocannabinol-free, hemp based products for human market for the prevention and alleviation of symptoms associated with inflammatory and auto-immune diseases. The company was formerly known as Cannabis Therapy Corporation and changed its name to Peak Pharmaceuticals, Inc. in December 2014. Peak Pharmaceuticals, Inc. was incorporated in 2007 and is based in Denver, Colorado.

Source: S&P Capital IQ

E. TRANSACTION RESOLUTIONS

Resolution 1

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 11.1 and all other purposes, approval be and is hereby given for the Company:

- (a) *to make a significant change to the nature and scale of its activities as set out in the Explanatory Statement; and*
- (b) *to issue Shares upon re-compliance with the Listing Rules at an issue price of \$0.025 per Share (on a Post-Consolidation basis).*

Resolution 2:

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

“That, subject to the passing of other Transaction Resolutions, for the purpose of section 254H(1) of the Corporations Act and for all other purposes, the Shares of the Company be consolidated through the conversion of every five (5) Shares held by a Shareholder into one (1) Share with any resulting fractions of a Share rounded to the nearest whole number of Shares with a corresponding consolidation of all other securities on issue, with the consolidation to take effect on the Effective Date and otherwise on the terms and conditions set out in the Explanatory Statement that forms part of this Notice.

Resolution 3:

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of up to 320,000,000 Consideration Shares (on Post-Consolidation basis) at a deemed issue price of \$0.025 each to the Zelda Shareholders (or their nominees) in consideration for the acquisition by the Company of 100% of the issued capital in Zelda Therapeutics Pty Ltd on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Resolution 4:

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 10.1, and for all other purposes, approval is given to the Company to purchase all of the 16,467,066 fully paid ordinary shares in Zelda Therapeutics Pty Ltd held by Mr Jason Peterson, on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Resolution 5:

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of up to 52,500,000 Conversion Shares (on a Post-Consolidation basis) at a deemed issue price of \$0.02 each on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Resolution 6:

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 7.1, and for all other purposes, Shareholders approve the issue of a up to a maximum of 160,000,000 Offer Shares (on a Post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

Resolution 7:

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

That, subject to the passing of the other Transaction Resolutions, and for the purposes of section 157(1)(a) of the Corporations Act, and for all other purposes, the name of the Company be changed from 'Gleneagle Gold Limited' to 'Zelda Therapeutics Limited', with effect on and from completion of the Proposed Transaction.

Resolution 8:

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

"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new Constitution in its place in the form as signed by the Chair of the Meeting for identification purposes."

Resolution 9:

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

That, subject to the passing of the other Transaction Resolutions, Mr Harry Karelis be appointed as a Director with effect upon completion of the Proposed Transaction.

Resolution 10:

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

That, subject to the passing of the other Transaction Resolutions, Mr Jason Peterson be appointed as a Director with effect upon completion of the Proposed Transaction.

Resolution 11:

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

That, subject to the passing of the other Transaction Resolutions, Dr Stewart Washer be appointed as a Director with effect upon completion of the Proposed Transaction.

Resolution 12:

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

That, subject to the passing of the other Transaction Resolutions, Ms Mara Gordon be appointed as a Director with effect upon completion of the Proposed Transaction.

Resolution 13:

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

That, subject to the passing of the other Transaction Resolutions, for the purpose of Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 16,000,000 Shares (on a Post-Consolidation basis) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of General Meeting.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM.
RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 11 Old Jewry, London EC2R 8DU.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

© RSM International Association

rsm.com.au

Liability limited by a scheme approved under professional standards legislation