



GLENEAGLE GOLD LIMITED TO BE RENAMED

## **ZELDA THERAPEUTICS LIMITED**

**ABN 27 103 782 378**

### **PROSPECTUS**

For an offer of up to 160,000,000 Shares at an issue price of \$0.025 per Share to raise a minimum of \$3,000,000 and a maximum of \$4,000,000 (**Public Offer**).

This Prospectus also contains an offer of 320,000,000 Consideration Shares to the Zelda Shareholders (**Zelda Shareholder's Offer**) and an offer of 52,500,000 Conversion Shares to the Zelda Noteholders (**Zelda Noteholders Offer**) (together, the **Other Offers**). Refer to Section 3.2 of this Prospectus for more information about each of the Other Offers.

The Public Offer is conditional upon the satisfaction of the conditions set out in Section 3.3 of this Prospectus (**Conditions of the Offer**). In the event that all of the Conditions of the Offer are not satisfied or waived in accordance with their terms, the Company will not proceed with the Public Offer and the Company will repay all application monies received. In the event that the Public Offer does not proceed, the Zelda Shareholder Offer and the Zelda Noteholders Offer will not proceed.



#### **IMPORTANT INFORMATION**

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. The Shares offered by this Prospectus should be considered highly speculative.

**This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-listing following a change to the nature and scale of the Company's activities.**

## CORPORATE DIRECTORY

### **Directors**

Wayne Loxton (Non-Executive Chairman)  
Ian Love (Non- Executive Director)  
Leon Davies (Non-Executive Director)

### **Proposed Directors**

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

### **Company Secretary**

Neville Bassett

### **Proposed Company Secretary**

Gabriel Chiappini

### **Lead Manager**

CPS Capital Group Pty Ltd  
Level 45, 108 St Georges Terrace  
Perth WA 6008

### **Solicitors**

Allion Partners  
Level 9, 863 Hay Street  
Perth WA 6000

### **Investigating Accountant**

HLB Mann Judd  
Level 4, 130 Stirling Street  
PERTH WA 6000

### **Registered Office**

c/- Westar Capital Limited  
Level 4, 216 St Georges Terrace,  
PERTH WA 6000

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[www.gleneaglegold.net.au](http://www.gleneaglegold.net.au)

[www.zeldatherapeutics.com](http://www.zeldatherapeutics.com)

### **Share Registry\***

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

Telephone: 1300 366 432

Facsimile: +61 3 9473 2500

### **Auditor\***

HLB Mann Judd  
Level 4, 130 Stirling Street  
PERTH WA 6000

\* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

## INDICATIVE TIMETABLE

	<b>Date</b>
Announce Acquisition	9 December 2015
Dispatch Notice of General Meeting	21 June 2016
Lodge Prospectus with ASIC	11 July 2016
Lodge Prospectus with ASX	12 July 2016
Public Offer Opening Date	12 July 2016
Hold General Meeting (suspension of the Company's Securities from trading on the ASX)	25 July 2016
Public Offer Closing Date	4 October 2016
Settlement Date (Securities issued to the Zelda Shareholders)*	7 October 2016
Securities issued under Prospectus	11 October 2016
Expected Quotation Date	14 October 2016

\*The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close the Public Offer early without notice.

## IMPORTANT NOTICE

This Prospectus is dated 11 July 2016 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

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

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

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

### **Consolidation**

On 25 July 2016, the Company will hold a General Meeting, during which the Company will seek to obtain the approval of Shareholders to proceed with a consolidation of the Company's securities on a 5 for 1 basis (**Consolidation**). The Directors intend to implement the Consolidation prior to completion of the Acquisition, but only if:

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

Unless stated otherwise, all references to securities of the Company as set out in this Prospectus are on the basis that the Consolidation has occurred (**Post-Consolidation basis**).

In the event that completion of the Acquisition does not occur, the Consolidation and the Offers will not proceed and investors will be refunded their application monies without interest.

### **Web Site – Electronic Prospectus**

A copy of this Prospectus can be downloaded from the website of the Company at [www.gleneaglegold.net.au](http://www.gleneaglegold.net.au). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

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

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

### **Website**

Other than as otherwise stated in this Prospectus, no document or information included on the Company's website is incorporated by reference into this Prospectus.

### **Forward-looking statements**

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

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

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

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

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

These forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Prospectus.

### ***Photographs and Diagrams***

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this prospectus are illustrative only and may not be drawn to scale.

### ***Enquiries***

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker, or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offers, please call the Company Secretary, Neville Bassett on (08) 6268 2622.

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## 1. CHAIRMAN'S LETTER

On behalf of the board of Directors, it is with great pleasure that I invite you to become a shareholder of Gleneagle Gold Limited (to be renamed Zelda Therapeutics Limited) (**Gleneagle** or the **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 signed in December 2015. In order to re-comply with Chapters 1 and 2 of the ASX Listing Rules the Company is seeking to raise a minimum of \$3,000,000.

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 which the Company is confident will be successful 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 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 certain jurisdictions including Canada and eventually Australia.

Further details in respect of Zelda and its business are set out in Section 4 of this Prospectus.

The Board believes 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 this Prospectus carefully before deciding whether or not to invest. An investment in the Company contains specific risks which you should consider before making that decision. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional advisor.

The Board commends the Public Offer to you and looks forward to your continuing support.

Yours sincerely

**Wayne Loxton**  
**Chairman**

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## 2. INVESTMENT OVERVIEW

This section is a summary only and not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

### 2.1 Background on the Company

Gleneagle Gold Limited (to be renamed “Zelda Therapeutics Limited”) (**Gleneagle** or **Company**) is an Australian public company listed on the Official List of the ASX (ASX Code: GLN) which has principally been focused on the mining and exploration sector. 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.

### 2.2 Background on the Acquisition of Zelda

As announced to the ASX on 9 December 2015, the Company and Zelda Therapeutics Pty Ltd (ACN 607 538 876) (**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 320,000,000 Shares (in aggregate) at a deemed issue price of A\$0.025 per Share to the Zelda Shareholders (in proportion to their existing shareholdings in Zelda) (**Acquisition**).

The Heads of Agreement is subject to a number of conditions, as set out in Section 8.2, including the condition that Gleneagle obtains all necessary Shareholder approvals required under the Listing Rules and the Corporations Act for the Acquisition 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.

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 over several years by a California 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**).

Zelda intends to use this information to design a series of Phase 2-ready human clinical trials.

For further information on Zelda, please refer to Section 4.

As at the date of this Prospectus, the Company and Zelda have entered into sale agreements with all of the Zelda Shareholders in respect of the Acquisition (**Sale Agreements**).

The Sale Agreements are on substantially similar terms to the Heads of Agreement and contain additional representations and warranties on the part of Zelda’s major shareholders), being:

- (a) Proposed Director Mara Gordon;
- (b) Proposed Director Harry Karelis;
- (c) Proposed Director Dr Stewart Washer; and
- (d) Proposed Director Mr Jason Peterson,

each of whom will become a director (and a related party) of the Company.

As set out in Section 3.3 of this Prospectus, the Offers are conditional upon satisfaction or waiver of the conditions precedent to the Heads of Agreement and the Sale Agreements. Please refer to Section 8.2 of this Prospectus for a summary of the Heads of Agreement and Section 8.3 for a summary of the Sale Agreements.

As at the date of this Prospectus, the remaining conditions precedent under the Sale Agreements are as follows:

- (a) the Company receiving conditional approval by ASX to have its Securities reinstated to trading and those conditions being satisfied to the reasonable satisfaction of the Company and Zelda;



- (b) Consolidation of the Company's Securities on a 5 for 1 basis, which is to occur upon settlement of the Acquisition;
- (c) the Company and Zelda each obtaining all necessary regulatory approvals to complete the Acquisition (including conditional approval of ASX for the Company's Shares to be reinstated to trading on the Official List);
- (d) the Company securing investors for at least \$3,000,000 pursuant to this Prospectus; and
- (e) the Zelda Convertible Notes converting into Shares in accordance with their terms.

If any of the conditions precedent listed above are not satisfied by 31 December 2016 or such later date as the Company and Zelda agree, none of the Shares offered pursuant to this Prospectus will be allotted or issued. In these circumstances, all applications will be refunded to investors as soon as practicable.

## 2.3 Effect of the Acquisition

The effect of the Acquisition is that the nature and scale of the activities of the Company will change as the Company proposes to focus on carrying out its proposed business model and objectives described in Sections 2.4 and 2.5 below following completion. The Acquisition is an event which requires the Company to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules, including seeking Shareholder approval to the Acquisition, issuing a prospectus, consolidating its capital (on a ratio to be set at 5 for 1) and obtaining Shareholder spread in accordance with those rules.

On 21 June 2016, the Company issued a notice of General Meeting of the Shareholders of the Company to be held on 25 July 2016 to obtain all required Shareholder approvals for the purposes of permitting the Company to proceed with the Acquisition (**Notice of Meeting**).

The effect of the Acquisition is set out in the capital structure table in Section 2.11 below and the Investigating Accountant's Report in Section 6 of this Prospectus which sets out the pro-forma balance sheet of the Company as at 31 December 2015.

As at the date of this Prospectus, Gleneagle and Zelda do not have any subsidiaries. However, on completion of the Acquisition and prior to ASX Listing, Gleneagle will acquire all of the issued shares in Zelda and Zelda will become a wholly owned subsidiary of Gleneagle.

## 2.4 Business Model

Zelda's business model is to generate pre-clinical and clinical stage data packs in a form that regulators and the bio-pharmaceutical industry are accustomed to.

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

Following completion of the Acquisition, the Company proposes to use the AZ Data Set to design a series of Phase 2-ready human clinical trials. As such, 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 for the treatment of sleep disorders and 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 to manage these trials;
- (d) subject to all requisite approvals first being obtained, establish pre-clinical research and development activities in Australia initially focused upon certain cancers and subsequently in other areas;
- (e) subject to all requisite approvals first being obtained, 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 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 2.1 above).

The Company is in the process of finalising patent applications covering cancer, sleep and dermatological indications.

On completion of the Acquisition, it is proposed that Harry Karelis, , Dr Stewart Washer, Jason Peterson and Mara Gordon (current directors of Zelda) will be appointed as Directors of the Company, with Mr Karelis being appointed as the Executive Chairman and each of the current Directors of the Company will resign as Directors. In addition it is proposed that Mr Chiappini will be appointed as Company Secretary of the Company following completion.

Please see section 4.7 below for further details on the Company's business model and objectives following completion of the Acquisition.

## 2.5 The Objectives

In summary, the Company's main objectives on completion of the Public Offer are:

- (a) having its securities reinstated to trading on the ASX;
- (b) completing the clinical trials programmes set out in Section 4.2 below; and
- (c) expanding its clinical programme to include additional indications (please see section 4.7 below for further details).

## 2.6 Key Investment Highlights

### (a) Business opportunity

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.

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".

For a detailed overview of the medicinal cannabis industry, please refer to section 4.6 below.

### (b) Exclusive access to established formulations and protocols

Following completion of the Acquisition, by gaining exclusive access to the AZ Data Set, the Company will have exclusive access to AZ's formulated medical-cannabis-based formulations and protocols to treat a range of illnesses. 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. As noted above, the results of these treatments have been recorded to form the AZ Data Set, which is an extensive database of information. AZ's formulations and protocols have already been shown to have benefit in human patients improving the probability of clinical success in specific areas identified by Zelda.

The Company's focus will be to design certain human clinical trials leveraging the already existing anecdotal patient data contained in the AZ Data Set.

### (c) Phase 2-ready human clinical trials

Upon completion of the Acquisition, the Company will be ready to roll out a series of Phase 2-ready human clinical trials.

Based upon existing human data available via the AZ Data Set, Zelda has already 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).

Initially, the Company 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.

Successful results in any or all of these trials should provide the Company 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.

In addition, for certain indications in certain markets it may be possible to conduct registration trials and gain approvals to sell products with limited claims as “wellness” products rather than “pharmaceutical” products. This provides the potential to accelerate commercialisation activities for certain indications.

Following advice from Zelda’s Medical Advisory Board after reviewing the AZ Data Set, the Company also intends to 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.

For further details on the Company’s clinical focus, Zelda’s Medical Advisory Board and the Company’s strategic partnerships, please see Section 4 below.

## **2.7 Key Risks**

The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can effectively be managed is limited.

Set out below are specific risks that the Company is exposed to. Further risks associated with an investment in the Company are outlined in Section 5.

### **Risks relating to the Acquisition**

#### **(a) Re-Quotation of Shares on ASX**

The Acquisition 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 120,627,672 Shares on issue (on a Post-Consolidation basis).

On completion of the Acquisition, the Company proposes to issue:

- (i) the Consideration Shares (see Section 8.3(c) below);
- (ii) the Conversion Shares (see Section 8.4 below);
- (iii) the Advisory Shares, Executive Options, Management Options and the Merchant Options (see Section 8.2(b) below); and
- (iv) up to a maximum of 160,000,000 Shares (on a Post-Consolidation basis) to raise a minimum of \$3,000,000 pursuant to this Prospectus.

Based on the issue price of \$0.025 per Offer Share under this Prospectus, if a maximum of \$4,000,000 is raised under the Public Offer (based on a maximum of 160,000,000 Shares), assuming Shareholder approval is obtained to effect the Acquisition as contemplated by Section 8.2(a)(vi) below 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 Shares holding in aggregate of 2.40% and the investors under the Public Offer holding 23.91% of the issued capital of the Company

Based on the issue price of \$0.025 per Offer Share under this Prospectus, if a minimum of \$3,000,000 is raised under the Public Offer (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 Public Offer holding 19.07% 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**

A large portion of the securities to be issued on Completion of the Acquisition (as set out in Section 2.7(b) above) 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), those Shares will equate to approximately:

- (i) 61.75% of the post-Offer issued Share capital (assuming the minimum subscription of \$3 million is raised under the Public Offer); or
- (ii) 58.06% of the post-Public Offer issued Share capital (assuming \$4,000,000 is raised and 160,000,000 Shares are issued under the Public Offer).

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 and Sale Agreements (summarised in Sections 8.18.2 and 8.3) 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 and Sale Agreements. 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.

**Risks relating to the Company's operations**

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

Clinical trials are expensive, time consuming and difficult to design and implement. Even if the results of the Company's clinical trials are favourable, the clinical trials for a number of the Company's product candidates are expected to continue for several years and may take significantly longer to complete. In addition, regulatory authorities, including state

and local, may suspend, delay or terminate the clinical trials at any time, or suspend or terminate the registrations and quota allotments the Company requires in order to procure and handle controlled substances, for various reasons, including:

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

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

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

(f) **Loss of key relationships**

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

- (i) the Company could lose strategic relationships if third parties with whom the Company has arrangements with (including the Complutense University Madrid in Spain) are acquired by or enter into relationships with a competitor (which could cause the Company to lose access to distribution, content, technology and other resources);

- (ii) the relationship between the Company and such third parties may deteriorate and cause an adverse effect on the Company's business; and
- (iii) the Company's current competitors could become stronger, or new competitors could form, from consolidations.

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

(g) **Protection of proprietary technology**

The Company'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. The Company intends to rely upon a combination of patents, trade secret protection (i.e., know how), and confidentiality agreements to protect the intellectual property.

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

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

*Patents*

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

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

*Trade secrets*

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

(h) **Additional Requirements for Capital**

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

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

(i) **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.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company and you should refer to the additional risk factors in Section 5 of this Prospectus before deciding whether to apply for Shares pursuant to this Prospectus.

## **2.8 The Public Offer**

The Company invites applications for up to 160,000,000 Shares at an issue price of \$0.025 per Share to raise a minimum of \$3,000,000 and a maximum of \$4,000,000.

Completion of the Public Offer under this Prospectus is subject to:

- (a) the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules (including completion of the Consolidation and settlement of the Acquisition);
- (b) the Company raising the minimum subscription to the Public Offer of \$3,000,000; and
- (c) the Company receiving conditional approval for re-quotation of the Company's Shares on ASX.

If these conditions are not met, the Company will not proceed with the Public Offer and will repay all application monies received, without interest and in accordance with the Corporations Act.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

The key information relating to the Public Offer and references to further details are set out below.

## **2.9 Purpose of the Offers**

The purpose of the Offers is to provide additional funds to enable the Company to:

- (a) complete the Acquisition;
- (b) meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules; and
- (c) conduct the activities described in Section 4.7 below.

On completion of the Offers, the Board believes the Company will have sufficient working capital to achieve these objectives.

## 2.10 Use of Funds

The Company intends to apply funds raised from the Public Offer, together with existing cash reserves of Zelda primarily from the Zelda Capital Raising and existing cash reserves of the Company (assuming a minimum of \$3 million and a maximum of \$4 million is raised under the Public Offer), over the first 2 years following admission of the Company to the official list of ASX as follows:

Funds available	Minimum Subscription (\$3,000,000)	Percentage of Funds (%)	Maximum Subscription (\$4,000,000)	Percentage of Funds (%)
<b>Source of funds</b>				
Existing cash reserves <sup>1</sup>	\$750,000	20.00%	\$750,000	15.80%
Funds raised from the Public Offer	\$3,000,000	80.00%	\$4,000,000	84.20%
<b>Total</b>	<b>\$3,750,000</b>	<b>100.00%</b>	<b>\$4,750,000</b>	100.00%
<b>Allocation of funds</b>				
Pre-clinical research and development costs - Spain	\$245,760	6.55%	\$324,442	6.83%
Pre-clinical research and development costs - Australia	\$231,193	6.17%	\$305,211	6.43%
Clinical trial milestone fees	\$378,743	10.10%	\$500,000	10.53%
Clinical trial costs - Canada	\$367,541	9.80%	\$485,211	10.21%
Clinical trial costs – Australia	\$367,542	9.80%	\$485,212	10.21%
General working capital	\$146,006	4.69%	\$85,006	2.42%
Corporate Overheads	\$1,532,697	40.87%	\$2,023,400	42.60%
Costs of the Public Offer	\$480,518	12.02%	\$541,518	10.77%
<b>Total</b>	<b>\$3,750,000</b>	<b>100.00%</b>	<b>\$4,750,000</b>	<b>100%</b>

**Notes:**

<sup>1</sup> Refer to the Investigating Accountant's Report set out in Section 6 of this Prospectus for further details.

<sup>2</sup> Refer to Section 9.8 of this Prospectus for further information on the expenses of the Offers.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

The Proposed Directors are satisfied that, after completion of the Public Offer, the Company will have sufficient working capital to carry out its objectives as described in this Prospectus



## 2.11 Capital Structure

The capital structure of the Company following completion of the Offers is summarised below<sup>1</sup>:

	Minimum subscription		Maximum subscription	
	Number of securities (Post-Consolidation)	% interest	Number of securities (Post-Consolidation)	% interest
<b>Shares</b>				
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 Public Offer	120,000,000	19.07%	160,000,000	23.91%
<b>Total</b>	<b>629,127,672</b>	<b>100.00%</b>	<b>669,127,672</b>	<b>100.00%</b>
<b>Options</b>				
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%
<b>Total</b>	<b>40,000,000</b>	<b>100.00%</b>	<b>40,000,000</b>	<b>100.00%</b>

**Notes:**

<sup>1</sup> Refer to the Investigating Accountant's Report set out in Section 6 of this Prospectus for further details.

<sup>2</sup> The rights attaching to the Shares are summarised in Section 9.2 of this Prospectus.

<sup>3</sup> The terms and conditions of the Options to be issued under this Prospectus are set out in Section 9.3.

## 2.12 Change in Nature and Scale of Activities

As outlined in more detail in Section 8.2 of this Prospectus, the Company has entered into the Heads of Agreement to acquire Zelda.

The purchase of Zelda is an event which requires the Company to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules, including seeking Shareholder approval for a change in the nature and scale of activities. This Prospectus is issued to assist the Company to re-comply with these requirements.

The Company's Shares will be suspended from Official Quotation on the ASX from the date of the General Meeting referred to in Section 2.3 above, and will not be reinstated until ASX approves the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

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. In the event the Company does not receive conditional approval for re-quotation on the ASX then the Company will not proceed with the Public Offer and will repay all application monies received.

## 2.13 Substantial Shareholders

Those Shareholders holding 5% or more of the Shares on issue both as at the date of this Prospectus and on completion of the Offers (assuming full subscription under the Public Offer and that no Options are exercised prior to completion of the Offers) are set out in the respective tables below.

As at the date of the Prospectus:

Shareholder	Shares <sup>1</sup>	%
Mr Wayne Loxton <sup>2</sup>	12,608,096	10.45%
Mr Jason Peterson <sup>3</sup>	11,833,371	9.80%
Mr Harry Karelis <sup>4</sup>	6,666,667	5.53%

**Notes:**

<sup>1</sup> Number of Shares stated on a Post-Consolidation basis.

<sup>2</sup> Direct relevant interest held through Mr Wayne Loxton and Cossack Holdings (Aust) Pty Ltd.

<sup>3</sup> Direct relevant interest held through Mr Jason and Mrs Lisa Peterson, Celtic Capital Pty Ltd and Professional Payment Services Pty Ltd.

<sup>4</sup> Indirect relevant interest held through Gemelli Nominees Pty Ltd.

On completion of the Offers (assuming the minimum amount of \$3,000,000 is raised under the Public Offer and that all resolutions pursuant to the General Meeting are passed) after the issue of Shares under the Acquisition and on a Post-Consolidation basis:

Shareholder	Shares <sup>1</sup>	Options <sup>1</sup>	% (undiluted)	% (fully diluted)
Mr Jason Peterson <sup>2</sup>	80,292,388	8,000,000	12.76%	12.45%
Ms Mara Gordon <sup>3</sup>	79,642,325	-	12.66%	11.23%
Mr Harry Karelis <sup>4</sup>	49,587,681	6,000,000	7.88%	7.84%
Dr Stewart Washer <sup>5</sup>	35,198,689	6,000,000	5.59%	5.81%

**Notes:**

<sup>1</sup> Number of Shares and Options stated on a Post-Consolidation basis.

<sup>2</sup> Jason Peterson currently holds (directly and indirectly) 11,833,371 Shares (on a Post-Consolidation basis). In addition, he is entitled to receive 52,459,017 Consideration Shares (on a Post-Consolidation basis) under the Sale Agreement by virtue of his 16.39% interest in Zelda. Mr Peterson (or his nominee) is also entitled to receive 8,000,000 Options (on a Post-Consolidation basis) under the Heads of Agreement. Mr Peterson is also associated with CPS Capital, which is entitled to receive 16,000,000 Shares (on a Post-Consolidation basis) in consideration for services provided to the Company in connection with the Acquisition.

<sup>3</sup> Mara Gordon does not currently hold (directly and indirectly) any Shares. Mara Gordon is entitled to receive 79,642,325 Consideration Shares (on a Post-Consolidation basis) under the Sale Agreement by virtue of her 24.89% interest in Zelda.

<sup>4</sup> Harry Karelis currently holds (directly and indirectly) 6,666,667 Shares (on a Post-Consolidation basis). Harry Karelis (indirectly through Gemelli Nominees Pty Ltd) is entitled to receive 42,921,014 Consideration Shares (on a Post-Consolidation basis) under the Sale Agreement by virtue of his 13.41% interest in Zelda. Mr Karelis (or his nominee) is also entitled to receive 6,000,000 Options (on a Post-Consolidation basis) under the Heads of Agreement.

<sup>5</sup> Stewart Washer currently holds (directly and indirectly) 2,800,000 Shares (on a Post-Consolidation basis). Stewart Washer (indirectly through Mal Washer Nominees Pty Ltd) is entitled to receive 32,398,689 Consideration Shares (on a Post-Consolidation basis) under the Sale Agreement by virtue of his 10.12% interest in Zelda. Dr Washer (or his nominee) is also entitled to receive 6,000,000 Options (on a Post-Consolidation basis) under the Heads of Agreement.

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offers) prior to the Shares commencing trading on ASX.

## 2.14 Restricted Securities

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules, certain securities on issue by the Company will be classified by the ASX as restricted securities and will be

required to be held in escrow for up to 24 months from the date of reinstatement to Official Quotation. During the period in which these securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the securities required to be held in escrow prior to the Shares commencing trading on ASX.

## **2.15 Financial Information**

As set mentioned in Section 2.3 above, following the change in the nature of its activities, the Company will be focused on carrying out its proposed business model and objectives. Therefore, the Company's past operational and financial historical performance will not be of significant relevance to future activities.

As a result, the Company is not in a position to disclose any key financial ratios other than its balance sheet which is included in the Investigating Accountant's Report set out in Section 6 of this Prospectus.

The initial funding for the Company's proposed business activities will be generated from the offer of Shares pursuant to this Prospectus and the existing cash reserves of Zelda (primarily arising from the Zelda Capital Raising and existing cash reserves of the Company). If the Company's proposed business activities are successful and the Company chooses to develop further clinical trial programs then the Company may also consider alternative forms of debt or quasi-debt funding.

## **2.16 Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

## **2.17 Dividend Policy**

It is anticipated that significant expenditure will be incurred in the evaluation and development of the Company's proposed business model and objectives described in Section 4.7 below. These activities are expected to dominate at least the 2 year period following the date of this Prospectus. Accordingly, the Company does not expect to declare any dividends during that period.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

## **2.18 Directors and Key Personnel**

### **(a) Wayne Loxton (Non-Executive Chairman to resign upon the Company relisting on ASX)**

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.

### **(b) Ian Love (Non-Executive Director to resign upon the Company relisting on ASX)**

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.

### **(c) Leon Davies (Non-Executive Director to resign upon the Company relisting on ASX)**

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. He has been an Independent Non-Executive Director of Gleneagle Gold Limited since April 20, 2011.

(d) **Harry Karelis (Proposed 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.

(e) **Dr Stewart Washer (Proposed Executive Director)**

Dr Stewart Washer has over 20 years of experience acting in executive and board roles in medical technology, biotech and agrifood 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 currently resides in Australia.

(f) **Jason Peterson (Proposed 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.

(g) **Mara Gordon (Proposed 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.

## **2.19 Corporate Governance**

To the extent applicable, in light of the Company's size and nature, the Company has adopted The Corporate Governance Principles and Recommendations (3<sup>rd</sup> Edition) as published by ASX Corporate Governance Council (**Recommendations**).

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 7.2 of this Prospectus and the Company's compliance and departures from the Recommendations are set out in Section 7.2 of this Prospectus.

In addition, the Company's full Corporate Governance Plan is available from the Company's website ([www.gleneaglegold.net.au](http://www.gleneaglegold.net.au)).

## 2.20 Disclosure of Interests

Directors are not required under the Company's Constitution to hold any Shares. Details of the Directors' and Proposed Directors' remuneration and relevant interests in the securities of the Company as at the date of this Prospectus are set out in the table below<sup>1</sup>:

Director	Remuneration for year ended 30 June 2015	Proposed remuneration for year ended 30 June 2016	Proposed remuneration for year ended 30 June 2017	Shares <sup>2</sup>	Options
<b>Existing Directors</b>					
Wayne Loxton <sup>8</sup>	\$60,000	\$60,000	\$10,000	12,608,096	Nil <sup>7</sup>
Ian Love <sup>8</sup>	\$60,000	\$60,000	\$10,000	1,768,792	Nil <sup>7</sup>
Leon Davies <sup>8</sup>	\$60,000	\$60,000	\$10,000	4,171,491	Nil
<b>Proposed Directors</b>					
Harry Karelis <sup>3</sup>	Nil	Nil	\$270,000	6,666,667	Nil
Jason Peterson <sup>4</sup>	Nil	Nil	\$36,000	11,833,371	Nil
Dr Stewart Washer <sup>5</sup>	Nil	Nil	\$120,000	2,800,000	Nil
Mara Gordon <sup>6</sup>	Nil	Nil	\$36,000	Nil	Nil

### Notes:

<sup>1</sup> All values recorded on a Post-Consolidation basis.

<sup>2</sup> The Shares listed above disclose the interests of the Proposed Directors as at the date of this Prospectus. Please refer to section 2.13 for a summary of the interests of the Proposed Directors post completion of the Acquisition.

<sup>3</sup> The proposed remuneration for Harry Karelis for the year ended 30 June 2017 listed above is the aggregate total of fees payable to Harry Karelis under the Titan Consultancy Agreement (as described in section 2.21 below), being a maximum of \$120,000 (plus GST) per annum commencing on 1 July 2016 and a success fee of \$150,000 upon the completion of the Acquisition.

<sup>4</sup> The proposed remuneration for Jason Peterson for the year ended 30 June 2017 listed above is the aggregate total of \$36,000 payable for non-executive director fees. Under the CPS Mandate (as described in section 2.21 below) CPS Capital (of which Jason Peterson is associated) is entitled to a maximum of \$60,000 (plus GST) per annum in Corporate Advisory fees and a capital raising fee of \$180,000 (excluding GST) (being 6% of the gross amount raised from all sources under the Public Offer and assuming the minimum amount of \$3,000,000 is raised pursuant to the Public Offer). In addition, CPS Capital is entitled to receive 16,000,000 Shares (Post-Consolidation) in consideration for professional services to be provided to the Company in connection with the Acquisition.

<sup>5</sup> The proposed remuneration for Dr Stewart Washer for the year ended 30 June 2017 listed above is the total fee payable to Dr Stewart Washer under the Biologica Consultancy Agreement (as described in section 2.21 below) per annum.

<sup>6</sup> The proposed remuneration for Mara Gordon for the year ended 30 June 2017 listed above is the aggregate total of \$36,000 payable for non-executive director fees.

<sup>7</sup> Subject to the approval of Resolutions 18 and 19 of the Notice of Meeting Messrs Loxton and Love will be issued 5,000,000 Management Options each (on a Post-Consolidation basis) in consideration for services provided to the Company.

<sup>8</sup> Messrs Loxton, Love and Davies are paid \$5,000 per month, or part thereof. The table shows payments for the months of June and July only. Further payments will be made to the date of resignation.

## 2.21 Agreements with Directors or Related Parties

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and

- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

### **Consultancy Services Agreements**

#### ***Titan Consultancy Agreement***

Mr Harry Karelis is associated with Gemelli Nominees Pty Ltd, trading as Titan Capital Partners (ACN 107 999 388) (**Titan Capital**), which on 4 September 2015, entered into a consultancy agreement with Zelda (**Titan Consultancy Agreement**).

The material terms of the Titan Consultancy Agreement are as follows:

- (a) **(Services provided by Titan)** Titan is to provide services to Zelda, including but not limited to:
- (i) providing services typically required by start-up companies, such as the formation of a suitable board of directors, identifying and securing the services of an appropriate CEO and entering into scientific research partnerships (including clinical trial agreements);
  - (ii) using best efforts to secure a mutually agreed funding amount, subject to budget and a use of funds analysis;
  - (iii) organising relevant introductions and meetings; and
  - (iv) providing support during negotiations towards the completion of scientific partnerships, capital raisings and subsequent capital market events.
- (b) **(Payments to Titan)**: Zelda has agreed to pay the following fees to Titan:
- (i) **(Consulting Agreement)**: with respect to a consulting agreement with Titan for an initial minimum period of 12 months with a commencement date of 1 August 2015 for a total monthly cash retainer of \$10,000 (plus GST) payable monthly in advance;
  - (ii) **(Success Fee)**: a success fee of \$150,000 (plus GST) upon Zelda achieving a successful listing or equivalent capital market event including but not limited to an initial public offering or reverse takeover; and
  - (iii) **(Incidental Expenses)**: reimbursement of expenses incurred in connection with providing the consulting services.
- (c) **(Termination Fees)** A termination fee of \$120,000 less any payments made since the date of the Titan Consultancy Agreement is payable to Titan upon termination by mutual agreement of the parties.

#### ***Biologica Consultancy Agreement***

Dr Stewart Washer is associated with Biologica Ventures Pty Ltd (ACN 155 567 304) (**Biologica**), which on 1 February 2016, entered into a corporate services agreement with Zelda (**Biologica Consultancy Agreement**).

The material terms of the Biologica Consultancy Agreement are as follows:

- (a) **(Services provided by Biologica)**: Biologica (via Dr Stewart Washer) is to provide general consultancy services in respect to investor relations and the promotion of Zelda in the investor market.
- (b) **(Payments to Biologica)**: Zelda has agreed to pay the following fees to Biologica:
- (i) **(Consultancy Fee)**: Zelda will pay \$10,000 (plus GST) during the Engagement Period (see below); and
  - (ii) **(Incidental Expenses)**: reimbursement of expenses incurred in connection with providing the consultancy services.
- (c) **(Engagement Period)**: Zelda has engaged Biologica on a non-exclusive basis from 1 January 2016 until either Zelda or Biologica terminates the Biologica Consultancy Agreement.

### **Deeds of indemnity, insurance and access**

The Company has entered into a deed of indemnity, insurance and access with each of its Directors and will enter such deeds with each of the Proposed Directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect Board papers in certain circumstances.

### **Sale Agreements**

The Company has entered into the Sale Agreements with Zelda and each of the Zelda Shareholders, pursuant to which the Zelda Shareholders will sell, and the Company will acquire 100% of the Zelda Shares.

The Sale Agreements include longer-form agreements with four of Zelda's major shareholders, being:

- (a) Proposed Director Harry Karelis;
- (b) Proposed Director Dr Stewart Washer;
- (c) Proposed Director Mara Gordon; and
- (d) Proposed Director Mr Jason Peterson,

each of whom will become a director (and a related party) of the Company.

The Sale Agreements with the related party Zelda Shareholders include detailed warranties and other more extensive provisions ordinarily present in agreements with key shareholders.

The consideration terms of the Sale Agreements for the related party Zelda Shareholders and non-related party Zelda Shareholders are the same. The Consideration Shares to be received by the related parties are pro-rated against other Zelda Shareholders, in that the relevant related party receives the same number of Shares per Zelda Share as every other Zelda Shareholder.

Under the Sale Agreements:

- (a) Harry Karelis (indirectly through Gemelli Nominees Pty Ltd) is entitled to receive 42,921,014 Consideration Shares by virtue of his 13.41% interest in Zelda;
- (b) Dr Stewart Washer (indirectly through Mal Washer Nominees Pty Ltd) is entitled to receive 32,398,689 Consideration Shares by virtue of his 10.12% interest in Zelda;
- (c) Ms Mara Gordon is entitled to receive 79,642,325 Consideration Shares by virtue of her 24.89% interest in Zelda; and
- (d) Mr Jason Peterson is entitled to receive 52,459,017 Consideration Shares by virtue of his 16.39% interest in Zelda.

The above Consideration Shares are expressed on a Post-Consolidation basis.

The Company considers that the terms of the financial benefit provided to the related party Zelda Shareholders is reasonable in the circumstances as it is the same as the financial benefit to be received by the non-related party Zelda Shareholders.

Please refer to Section 8.3 below for further details about the Sale Agreements.

### **CPS Capital Mandate**

As noted at Section 2.13 above, Mr Peterson is associated with CPS Capital Group Pty Ltd (ACN 088 055 636) (**CPS Capital**), which on 8 July 2016, entered into a mandate letter agreement with the Company (**CPS Capital Mandate**).

The material terms of the CPS Capital Mandate are as follows:

- (a) (**Services Provided by CPS Capital**): CPS Capital was appointed as a corporate advisor with respect to the acquisition of Zelda, as well as Lead Manager with respect to the Public Offer. CPS Capital has the exclusive and unfettered right (but not obligation) to offer any and all of the Shares to investors pursuant to the Prospectus;
- (b) (**Payments to CPS Capital**): the Company has agreed to pay the following fees to CPS Capital:

- (i) **(Corporate Advisor Fee):** a corporate advisory fee of approximately \$5,000 per month (plus GST) where applicable, for a period of up to 12 months for execution of the CPS Capital Mandate;
- (ii) **(Public Offer Fee):** a capital raising fee of 6% of the gross amount raised from all sources under the Public Offer; and
- (iii) **(Incidental Expenses):** reimbursement of expenses incurred in connection with providing services pursuant to the CPS Capital Mandate;
- (c) **(Placing Fee):** by negotiation, CPS will pay out a placing fee of up to 4% (plus GST) to any external parties for introducing investors to the Public Offer.

In addition, CPS Capital is entitled to receive 16,000,000 Shares (Post-Consolidation) in consideration for professional services to be provided to the Company in connection with the Acquisition.

#### **Caziwell Licence Agreement**

Zelda has entered into the Caziwell Licence Agreement (defined in Section 8.7 below) 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.

The material terms of the Caziwell Licence Agreement are as follows:

- (a) **(Licence and Royalty)** In consideration for payment of a royalty to Caziwell of 10% of net sales by Zelda (commencing on the first day that a product is sold, transferred, rented, leased or distributed by or Zelda) and the payment of a one-off milestone fee of \$250,000 (payable within 7 days of a product commencing a clinical trial, occurring when the first patient is recruited and commences treatment), Caziwell granted Zelda an exclusive, perpetual, worldwide licence to the Existing Data (**Licence**).
- (b) **(Sub-Licence and Sub-Licence Royalty)** Zelda may grant sub-licences to the Existing Data and any data generated as a result of the research and clinical trials undertaken by Zelda to third parties for the duration of the Licence. In consideration, Zelda is required to pay Caziwell a royalty of 25% of the licence fees and payments, including milestone fees, made by sub-licensees to Zelda.
- (c) **(Intellectual Property)** All intellectual property, including any data generated, created or developed as a result of or in relation to the research and clinical trials undertaken by Zelda, and any intellectual property generated using or in reliance on the Existing Data vests in Zelda.
- (d) **(Change of Control)** Upon a change in control (a change in the beneficial ownership of more than 50% of the issued share capital or legal power to direct management) of Zelda the Licence will revert to a non-exclusive licence unless a mutually agreed fee of no less than US\$500,000 is received by Caziwell within 7 days of the change of control.  
  
On 29 June 2016, Caziwell waived its rights to receive a mutually agreed fee in connection with the Acquisition and confirmed that following completion of the Acquisition, the licence granted to Zelda under the Caziwell Licence Agreement will remain an exclusive, perpetual, worldwide licence.
- (e) **(Termination)** Any party may terminate the Caziwell Licence Agreement with immediate effect if the other party commits a material breach which is not remedied, a force majeure event occurs, or an insolvency event occurs in relation to the other party.

Please refer to Section 8.7 below for further information about the Caziwell Licence Agreement.

The Proposed Directors each hold the following interests in Caziwell Inc:

- (a) Ms Mara Gordon indirectly holds a 66.67% interest in Caziwell; and
- (b) Mr Karelis and Dr Washer each hold a 19.84% interest and Mr Peterson holds a 21.82% interest in Australian company MJ Life Sciences Pty Ltd (and each are directors of MJ Life Sciences Pty Ltd), which holds a 33.33% interest in Caziwell with an option to increase that interest to 49.16%.



### **AusCann Heads of Agreement**

On or around 6 May 2016, Zelda entered into the AusCann Heads of Agreement (defined in Section 8.10 below), whereby (subject to agreeing terms, including pricing), AusCann is to be Zelda's preferred supplier of cannabinoid-based medicines required for Zelda's clinical and research activities.

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

Please refer to Section 8.10 below for further information about the AusCann Heads of Agreement.

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### **3. DETAILS OF THE OFFERS**

#### **3.1 The Public Offer**

Pursuant to this Prospectus, the Company invites applications for up to 160,000,000 Shares at an issue price of \$0.025 per Share to raise a minimum of \$3,000,000 and a maximum of \$4,000,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

The Directors may reject any Application made under the Public Offer or allocate fewer Shares than the Applicant has applied for.

#### **3.2 Other Offers**

This Prospectus also includes:

- (a) an offer of 320,000,000 Consideration Shares (on a Post-Consolidation basis) to the Zelda Shareholders (**Zelda Shareholders Offer**); and
- (b) an offer of 52,500,000 Conversion Shares (on a Post-Consolidation basis) to the Zelda Noteholders (**Zelda Noteholders Offer**)

The Zelda Shareholders Offer and the Zelda Noteholders Offer are being made under this Prospectus to facilitate the secondary trading of these Shares.

#### **3.3 Conditional Offers**

The Offers are conditional upon satisfaction or waiver of the conditions precedent to the Heads of Agreement and the Sale Agreements. A summary of the material terms and conditions of the Heads of Agreement and the Sale Agreements is contained in Sections 8.1 and 8.3 of this Prospectus.

If any of the conditions set out above are not satisfied by 31 December 2016 or such later date as the Company and Zelda agree, none of the Shares offered pursuant to this Prospectus will be allotted or issued. In these circumstances, all applications will be refunded to investors as soon as practicable.

#### **3.4 Minimum subscription**

If the minimum subscription to the Public Offer of \$3,000,000 has not been raised within 4 months after the date of this Prospectus, the Company will not issue any Securities and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

#### **3.5 Applications**

Applications for Shares under the Public Offer must be made using the Public Offer Application Form.

Applications for Securities must be for a minimum of 100,000 Shares and thereafter in multiples of 10,000 Shares and payment for the Shares must be made in full at the issue price of \$0.025 per Share.

Completed Application Forms and accompanying cheques, made payable to “**Gleneagle Gold Limited**” and crossed “**Not Negotiable**”, must be mailed to the address set out on the Application Form so that it is received by no later than the Closing Date.

Applications for Shares by Zelda Shareholders or Zelda Noteholders under the Zelda Shareholders Offer or the Zelda Noteholders Offer, respectively, must be made using the Zelda Shareholder Offer Application Form or the Zelda Noteholder Offer Application Form (as applicable).

The Company reserves the right to close the Offers early.

#### **3.6 Re-compliance with Chapters 1 and 2 of the ASX Listing Rules**

On 25 July 2016 (the date of the General Meeting), the Company's Shares will be suspended from quotation on the ASX. From that date, the Company's Securities will continue to be suspended from trading and will not be reinstated to Official Quotation until the ASX approves the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules which will not occur until completion of the Consolidation.

In the event that the Company does not receive conditional approval for re-quotation on the ASX, it will not proceed with the Public Offer and will repay all application monies received, without interest.

### **3.7 ASX listing**

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of issue of this Prospectus, or such period as varied by the ASIC, the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

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

### **3.8 Issue**

Subject to the minimum subscription to the Public Offer of \$3,000,000 being reached, completion of the Acquisition and ASX granting conditional approval for the Company to be admitted to the Official List, allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Directors will determine the allottees of all the Public Offer in their sole discretion. The Directors reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

### **3.9 Applicants outside Australia**

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

If you are outside Australia it is your responsibility to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by you that all relevant approvals have been obtained.

### **3.10 Not underwritten**

The Offer is not underwritten.

### **3.11 Commissions payable**

#### **(a) Brokerage and commission**

The Company reserves the right to pay a commission of up to 5% (exclusive of goods and services tax) of amounts successfully subscribed through any licensed securities dealers or Australian financial services licensee in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

#### **(b) Lead Manager**

Under the terms of the CPS Capital Mandate (as described in Section 2.21), the Company has agreed to pay the following fees to CPS Capital:

- (i) **(Corporate Advisor Fee):** a corporate advisory fee of \$5,000 per month (plus GST) where applicable, for a period of up to 12 months for execution of the CPS Capital Mandate;
- (ii) **(Public Offer Fee):** a capital raising fee of 6% of the gross amount raised from all sources under the Public Offer; and
- (iii) **(Incidental Expenses):** reimbursement of expenses incurred in connection with providing services pursuant to the CPS Capital Mandate.

In addition, CPS Capital is entitled to receive 16,000,000 Shares (Post-Consolidation) in consideration for professional services to be provided to the Company in connection with the Acquisition.

(c) **Titan Capital Partners**

Under the terms of the Titan Consultancy Agreement (as described in Section 2.21), Zelda has agreed to pay the following fees to Titan:

- (i) **(Consulting Agreement):** with respect to a consulting agreement with Titan for an initial minimum period of 12 months with a commencement date of 1 August 2015 for a total monthly cash retainer of \$10,000 (ex GST) payable monthly in advance;
- (ii) **(Success Fee):** a success fee of \$150,000 (ex GST) upon Zelda achieving a successful listing or equivalent capital market event including but not limited to an initial public offering or reverse takeover;
- (iii) **(Incidental Expenses)** reimbursement of expenses incurred in connection with providing the consulting services; and.
- (iv) **(Termination Fees)** a termination fee of \$120,000 less any payments made since the date of the Titan Consultancy Agreement is payable to Titan upon termination by mutual agreement of the parties. The Success Fee will continue to be payable for a period of 12 months from the date of termination.

(d) **Biologica Consultancy Agreement – Dr. Stewart Washer**

Under the terms of the Biologica Consultancy Agreement (as described in Section 2.21) Zelda has agreed to pay the following fees to Biologica:

- (i) **(Consultancy Fee):** Zelda will pay \$10,000 (plus GST) during the Engagement Period (see below); and
- (ii) **(Incidental Expenses):** reimbursement of expenses incurred in connection with providing the consultancy services.

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## **4. COMPANY AND PROJECT OVERVIEW**

### **4.1 Background**

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 known as Aunt Zelda's (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 the 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 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.

### **4.2 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.

In addition, for certain indications in certain markets it may be possible to conduct registration trials and gain approvals to sell products with limited claims as "wellness" products rather than "pharmaceutical" products. This provides the potential to accelerate commercialisation activities for certain indications.

Following advice from Zelda's Medical 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.

### **4.3 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 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.

#### **4.4 Commercial Arrangements**

(a) Caziwell Inc/AZ/New Frontier

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 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 medicinal cannabis formulations and treatment protocols and adopting a rigorous approach to patient intake, quality control and ongoing monitoring.

(b) The AZ Data Set is a 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 49.16%. Each of the current Zelda directors, Messrs Karelis, Peterson and Dr Washer, each of whom are also Proposed Directors, hold an interest in and are Directors of MJ Life Sciences Pty Ltd (Mr Karelis and Dr Stewart Washer each holds a 19.84% interest and Mr Peterson holds a 21.82% interest in MJ Life Sciences Pty Ltd).

Zelda has entered into the Caziwell Licence Agreement (defined in Section 8.7 below) 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.

Please refer to Section 8.7 below for further information about the Caziwell Licence Agreement.

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 CDRMed™ 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.

(c) 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 the UCM Research Agreement (defined in Section 8.9 below) with UCM 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.

Please refer to Section 8.9 below for further information about the UCM Research Agreement.

(d) **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.

On or around 6 May 2016, Zelda entered into the AusCann Heads of Agreement (defined in Section 8.10 below), whereby (subject to agreeing terms, including pricing), AusCann is to be Zelda's preferred supplier of cannabinoid-based medicines required for Zelda's clinical and research activities. Please refer to Section 8.10 below for further information about the AusCann Heads of Agreement.

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

Zelda intends to source medicinal cannabis plant and extract material for its Australian-based clinical trials from AusCann subject to requisite approvals being obtained under Australian legislation.

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.

(e) **External Contract Research Organisations**

As mentioned in Section 2.4 above, following completion of the Acquisition, the Company intends to engage with suitable external contract research organisations (CROs) in territories it intends to conduct clinical trials including Canada. Subject to all requisite approvals first being obtained, the Company also intends to engage with a suitable external CRO in Australia to design and manage the Company's human clinical trials in Australia.

(f) **Phase 3 Trial Development Partnerships**

As mentioned in Section 4.2 above, subject to achieving successful results in any or all of the Phase 2-ready human clinical trials the Company may enter into development partnerships with third parties who are better resourced to progress the larger Phase 3 trials and exploit future potential commercial opportunities.

## 4.5 Medical Advisory Board

Zelda has attracted some of the world's leading clinicians and researchers in the medicinal cannabis field to form Zelda's Medical Advisory Board. The role of the Medical Advisory Board is to help guide and inform Zelda's research and clinical activities (please see Section 4.2 above for an illustration of the function of the Medical Advisory Board). Following completion of the Acquisition, the Company will engage other relevant experts in particular fields at the appropriate time with a view to expanding

the Medical Advisory Board as appropriate. A summary of those leading clinicians who have accepted a role on the Medical 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. Guzmán 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 Guzmán 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 Sánchez resides in Spain.

(c) 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 Centre 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.

(d) 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.



## 4.6 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 Prospectus, a total of 33 licenses have been issued to commercial producers.

#### **(d) Europe**

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.

#### 4.7 Business Model and objectives

Zelda's over-riding business model is to generate pre-clinical and clinical stage data packs in a form that regulators and the bio-pharmaceutical industry is 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.

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 for the treatment of sleep disorders and 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 to manage these trials;
- (d) subject to all requisite approvals first being obtained, establish pre-clinical research and development activities in Australia initially focused upon certain cancers and subsequently in other areas;
- (e) subject to all requisite approvals first being obtained, 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 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 2.1 above).

## **5. RISK FACTORS**

### **5.1 Introduction**

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares and to consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **5.2 Company specific**

The Company specific risks set out below are repeated from Section 2.7 of this Prospectus.

#### **Risks relating to the Acquisition**

##### **(a) Re-Quotation of Shares on ASX**

The Acquisition 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 120,627,672 Shares on issue (on a Post-Consolidation basis).

On completion of the Acquisition, the Company proposes to issue:

- (i) the Consideration Shares (see Section 8.3(c) below);
- (ii) the Conversion Shares (see Section 8.4 below);
- (iii) the Advisory Shares, Executive Options, Management Options and the Merchant Options (see Section 8.2(b) below); and
- (iv) up to a maximum of 160,000,000 Shares (on a Post-Consolidation basis) to raise a minimum of \$3,000,000 pursuant to this Prospectus.

Based on the issue price of \$0.025 per Offer Share under this Prospectus, if a maximum of \$4,000,000 is raised under the Public Offer (based on a maximum of 160,000,000 Shares), assuming Shareholder approval is obtained to effect the Acquisition as contemplated by Section 8.2(a)(vi) below 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 Shares holding in aggregate of 2.40% and the investors under the Public Offer holding 23.91% of the issued capital of the Company

Based on the issue price of \$0.025 per Offer Share under this Prospectus, if a minimum of \$3,000,000 is raised under the Public Offer (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 Public Offer holding 19.07% 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**

A large portion of the securities to be issued on Completion of the Acquisition (as set out in Section 2.7(b) above) 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), those Shares will equate to approximately:

- (i) 61.75% of the post-Offer issued Share capital (assuming the minimum subscription of \$3 million is raised under the Public Offer); or
- (ii) 58.06% of the post-Public Offer issued Share capital (assuming \$4,000,000 is raised 160,000,000 Shares are issued under the Public Offer).

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 and Sale Agreements (summarised in Sections 8.1 and 8.3) 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 and Sale Agreements. 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.

**Risks relating to the Company's operations**

(e) **Risk of adverse publicity**

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

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

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

- (i) lack of effectiveness of any product candidate during clinical trials;
- (ii) discovery of serious or unexpected toxicities or side effects experienced by trial participants or other safety issues;

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

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

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

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

If any of the products arising from the clinical trials, prior to or after any approval for commercial sale, cause serious or unexpected side effects, or are associated with other safety risks such as misuse, abuse or diversion, a number of potentially significant negative consequences could result, including:

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

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

(h) **Loss of key relationships**

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

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

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

(i) **Protection of proprietary technology**

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

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

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

*Patents*

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

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

*Trade secrets*

Trade secrets are difficult to protect. The Company relies in part on confidentiality agreements with its employees, consultants, outside scientific collaborators, sponsored

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

(j) **Additional Requirements for Capital**

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

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

(k) **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.

## **5.3 Industry specific**

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

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

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



(b) **Licensing and marketing risk**

The Directors believe the funds raised from the Zelda Capital Raising and the Public Offer will give the Company sufficient working capital to achieve its objectives as stated in Section 2.4. 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.

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

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

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

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

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

(d) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in Sections 2.4 and 2.10. 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.

(e) **Management of growth**

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

(f) **Additional Requirements for Capital**

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

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.

## **5.4 General risks**

### **(a) Economic**

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

### **(b) Management of Risk**

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

### **(c) Competition Risk**

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

### **(d) Market Risk**

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

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) commodity price fluctuations;
- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital; and
- (vii) terrorism and other hostilities.

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

### **(e) 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 Shares offered under this Prospectus.

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

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

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**6. INVESTIGATING ACCOUNTANT'S REPORT**

6 July 2016

The Directors  
Gleneagle Gold Limited  
C/- Westar Capital Limited  
Level 4, 216 St Georges Terrace  
PERTH WA 6000

Dear Sirs

**INVESTIGATING ACCOUNTANT'S REPORT  
GLENEAGLE GOLD LIMITED (TO BE RENAMED ZELDA THERAPEUTICS LIMITED)**

**Introduction**

This Investigating Accountant's Report ("Report") has been prepared for inclusion in a Prospectus to be dated on or about 8 July 2016 for the issue by Gleneagle Gold Limited ("Gleneagle" or the "Company") of up to 160,000,000 ordinary shares at \$0.025 each to raise a minimum of \$3,000,000 and a maximum of \$4,000,000 before expenses of the issue.

This Report has been included in the Prospectus to assist potential investors and their financial advisers to make an assessment of the financial position and performance of Gleneagle. All shares and options have been quoted on a post-consolidation basis.

**Structure of Report**

This Report has been divided into the following sections:

1. Background information;
2. Scope of Report;
3. Financial information;
4. Subsequent events;
5. Statements; and
6. Declaration.

**1. *Background Information***

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.

At a general meeting of shareholders of the Company to be held on 25 July 2016 ("General Meeting"), resolutions giving effect to the following will be put to shareholders:

1. A change in nature and scale of activities via the acquisition of 100% of the issued shares in Zelda Therapeutics Pty Ltd ("Zelda"), an Australian company established in August 2015 which has secured an exclusive, global licence to a set of human data relating to patients being treated with cannabinoid-based medicines. Full details of Zelda are contained in the Notice of General Meeting relating to the General Meeting;
2. A consolidation of the shares of the company through the conversion of every five shares held by a shareholder into one share;
3. The issue of 320,000,000 post-consolidation shares to Zelda shareholders at a deemed issue price of \$0.025 each in consideration for the acquisition of 100% of the issued shares in Zelda;
4. A capital raising being the issue of up to 160,000,000 ordinary shares at \$0.025 each to raise a minimum of \$3,000,000 and a maximum of \$4,000,000 before expenses of the issue;
5. The approval of the issue of up to 52,500,000 conversion shares at a deemed issue price of \$0.02 in relation to convertible notes issued by Zelda;
6. The appointment of Mr Harry Karelis, Mr Jason Peterson, Dr Stewart Washer and Ms Mara Gordon as directors of the Company;
7. A change in the Company's name to Zelda Therapeutics Limited;
8. The replacement of the Company's constitution;
9. The approval of up to 16,000,000 advisory shares to CPS Capital or its nominees in consideration of services provided to the Company in connection with the proposed transaction;
10. The issue of a total of 23,000,000 unlisted options to Messrs Harry Karelis, Jason Peterson, Dr Stewart Washer and Gabriel Chiappini to acquire shares each exercisable at \$0.03125 on or before the date that is 5 years from the date of grant in consideration for services provided to the Company in connection with the proposed transaction;
11. The issue of a total of 15,000,000 unlisted options to Messrs Ian Love, Wayne Loxton and Neville Bassett to acquire shares each exercisable at \$0.03125 on or before the date that is 5 years from the date of grant in consideration for past and future services provided to the Company; and 2,000,000 unlisted options on the same terms as above to Merchants Funds Management Pty Ltd ("Merchants") in consideration for services provided to the company in connection with the acquisition; and
12. Adoption of an employee share option plan.

As at 31 December 2015 and, in addition, at the date of this Report, the issued share capital of the Company is 603,138,361 ordinary fully paid shares on a pre-consolidation basis. The effect of the share consolidation will be to reduce the issued capital of the Company on a 5:1 basis and all references to ordinary shares in this report refer to a post-consolidation basis.

The Company's main objectives on completion of the Offer are set out in Section 2.5 of the Prospectus.

## 2. *Scope of Report*

You have requested HLB Mann Judd ("HLB") to prepare this Report presenting the following information:

- a) the historical audited financial information of Zelda, comprising the historical Statement of Financial Position as at 31 December 2015 and the historical Statement of Comprehensive Income and Statement of Changes in Equity for the period then ended as set out in Appendix 1 to this Report; and
- b) the proforma financial information of the Company, comprising the proforma Statement of Financial Position as at 31 December 2015 and the proforma Statement of Comprehensive Income and Statement of Changes in Equity for the period then ended.

This information is presented under the following two scenarios:

- \$3,000,000 capital raising (minimum); and
- \$4,000,000 capital raising (maximum).

For accounting purposes, the acquisition of Zelda by the Company has the features of a reverse acquisition under Australian Accounting Standard AASB 3 "*Business Combinations*", notwithstanding that Gleneagle is the legal parent of the group. At acquisition date the net assets of Zelda are recorded at their book value and the net assets of the Company are recorded at fair value.

Consequently the historical financial information presented in this Report is the historical financial information of Zelda as at 31 December 2015 which has been subject to audit.

The proforma financial information presented in this Report is the historical financial information of Zelda for the period ended 31 December 2015, assuming that the acquisition of Zelda by the Company and the other proposed transactions set out in Section 3(b) of this Report had been completed as at that date.

The Directors have prepared and are responsible for the historical and proforma financial information. We disclaim any responsibility for any reliance on this Report or on the financial information to which it relates for any purposes other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus.

We performed a review of the historical audited financial information of Zelda as at and for the period ended 31 December 2015 and the proforma unaudited financial information of Zelda and

the Company as at and for the period ended 31 December 2015 in order to ensure consistency in the application of applicable Accounting Standards and other mandatory professional reporting requirements.

Our review of the historical financial information and the proforma financial information of the Company was carried out in accordance with Standard on Assurance Engagements ASAE 3450 "Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information" and included such enquiries and procedures which we considered necessary for the purposes of this Report. The review procedures undertaken by HLB in our role as Investigating Accountants were substantially less in scope than that of an audit examination conducted in accordance with generally accepted auditing standards. Our review was limited primarily to an examination of the historical financial information and the proforma financial information, analytical review procedures and discussions with senior management. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the historical financial information and proforma financial information included in this Report or elsewhere in the Prospectus.

Our engagement did not involve updating or re-issuing any previously issued audit report or review report on any financial information used as a source of the financial information.

In relation to the information presented in this Report:

- a) support by another person, corporation or an unrelated entity has not been assumed;
- b) the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- c) the going concern basis of accounting has been adopted.

### **3. Financial Information**

Set out in Appendix 1 (attached) are:

- a) The Statement of Financial Position of Zelda as at 31 December 2015, and the Statement of Comprehensive Income and Statement of Changes in Equity for the period then ended (audited).
- b) The proforma Statement of Financial Position of the Company as at 31 December 2015, and the proforma Statement of Comprehensive Income and proforma Statement of Changes in Equity for the period then ended as they would appear after incorporating the following actual or proposed significant events and transactions by the Company subsequent to 31 December 2015:
  - (i) the issue by Zelda of 1,050,000 convertible notes with a face value of \$1 converting within 12 months of the date of the terms sheet at a 20% discount to the issue price of shares under the capital raising;

- (ii) the issue of up to 160,000,000 ordinary shares at \$0.025 each to raise a minimum of \$3,000,000 and a maximum of \$4,000,000 before expenses of the issue;
  - (iii) the payment of costs of the issue being an estimated \$450,518 if the minimum amount is raised or \$511,518 if the maximum amount is raised;
  - (iv) the issue of 16,000,000 ordinary shares in the Company to CPS Capital (or its nominee) in consideration of services provided to the Company in connection with the proposed transaction;
  - (v) the issue of a total of 23,000,000 unlisted options to Messrs Harry Karelis, Jason Peterson, Dr Stewart Washer and Gabriel Chiappini to acquire shares each exercisable at \$0.03125 on or before the date that is 5 years from the date of grant in consideration for services provided to the Company in connection with the proposed transaction;
  - (vi) the issue of a total of 15,000,000 unlisted options to Messrs Ian Love, Wayne Loxton and Neville Bassett to acquire shares each exercisable at \$0.03125 on or before the date that is 5 years from the date of grant in consideration for past and future services provided to the Company; and 2,000,000 unlisted options on the same terms as above to Merchants Funds Management Pty Ltd ("Merchants") in consideration for services provided to the company in connection with the acquisition.
  - (vii) the repayment of \$200,000 of loan funding received from MJ Life Sciences Inc; and
  - (viii) the issue of 320,000,000 ordinary shares in the Company on a post-consolidation basis at an issue price of \$0.025 each in consideration for the acquisition of 100% of the issued capital in Zelda Therapeutics Pty Ltd ("Zelda").
- c) Notes to the historical financial information and proforma financial information.

#### **4. Subsequent Events**

In our opinion, there have been no material items, transactions or events subsequent to 31 December 2015 not otherwise disclosed in the Prospectus that have come to our attention during the course of our review that would require comment in, or adjustment to, the content of this Report or which would cause such information included in this Report to be misleading.

#### **5. Statements**

Based on our review, which was not an audit, we have not become aware of any matter that causes us to believe that:

- a) the historical audited financial information of Zelda as at 31 December 2015 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not



all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations for the period then ended; and

- b) the proforma financial information of Gleneagle as at 31 December 2015 as set out in Appendix 1 of this Report, does not present fairly the financial position of the Company as at that date in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory reporting requirements in Australia and its performance as represented by its results of its operations for the period then ended. As noted in Section 2 of this Report, the proforma financial information presented in this Report is the historical financial information of Zelda for the period ended 31 December 2015, assuming that the acquisition of Zelda by the Company and the other proposed transactions set out in Section 3(b) of this Report had been completed as at that date.

## 6. Declaration

- a) HLB will be paid its usual professional fees based on time involvement, for the preparation of this Report and review of the financial information, at our normal professional rates (expected to be \$15,000).
- b) Apart from the above fees, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, in connection with the preparation of this Report.
- c) Neither HLB, nor any of its employees or associated persons has any interest in Gleneagle Gold Limited or the promotion of the Company. HLB is the appointed auditor of the Company.
- d) Unless specifically referred to in this Report, or elsewhere in the Prospectus, HLB was not involved in the preparation of any other part of the Prospectus and did not cause the issue of any other part of the Prospectus. Accordingly, HLB makes no representations or warranties as to the completeness or accuracy of the information contained in any other part of the Prospectus.
- e) HLB has consented to the inclusion of this Report in the Prospectus in the form and context in which it appears. The inclusion of this Report should not be taken as an endorsement of the Company or a recommendation by HLB of any participation in the Company by an intending subscriber.

Yours faithfully  
HLB MANN JUDD



M R W OHM  
Partner

## APPENDIX 1

**GLENEAGLE GOLD LIMITED (TO BE RENAMED ZELDA THERAPEUTICS LIMITED)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 DECEMBER 2015**

	<b>Zelda Audited 31/12/15<sup>(i)</sup> \$</b>	<b>Proforma \$3M Raising<sup>(ii)</sup> \$</b>	<b>Proforma \$4M Raising<sup>(ii)</sup> \$</b>
Other income	250,000	250,000	250,000
Interest income	284	284	284
Consultancy fees	(62,500)	(62,500)	(62,500)
Legal expenses	(10,854)	(10,854)	(10,854)
Travel and accommodation expenses	(11,407)	(11,407)	(11,407)
Other expenses	(4,088)	(4,088)	(4,088)
Share-based payments	-	(824,162)	(824,162)
Interest expense	(3,130)	(3,130)	(3,130)
Listing fee expense on acquisition of Zelda	-	(2,845,420)	(2,845,420)
<b>Loss from ordinary activities</b>	<b>(158,305)</b>	<b>(3,511,277)</b>	<b>(3,511,277)</b>
Income tax expense	-	-	-
<b>Loss from ordinary activities after taxation</b>	<b>(158,305)</b>	<b>(3,511,277)</b>	<b>(3,511,277)</b>
<b>Other comprehensive income</b>			
Other comprehensive income	-	-	-
<b>Other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss</b>	<b>(158,305)</b>	<b>(3,511,277)</b>	<b>(3,511,277)</b>

(i) This represents the audited Statement of Comprehensive Income of Zelda for the period ended 31 December 2015.

(ii) The proforma financial information is based on a continuation of the Zelda Statement of Comprehensive Income for the period ended 31 December 2015, together with the proforma adjustments noted in Section 3(b) of this Report, using the reverse acquisition principles explained in Section 2 of this Report.

This statement should be read in conjunction with the accompanying notes.

**GLENEAGLE GOLD LIMITED (TO BE RENAMED ZELDA THERAPEUTICS LIMITED)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**

	Notes	<b>Zelda Audited 31/12/15<sup>(i)</sup> \$</b>	<b>Proforma \$3M Raising<sup>(ii)</sup> \$</b>	<b>Proforma \$4M Raising<sup>(ii)</sup> \$</b>
<b>Current assets</b>				
Cash and cash equivalents	2	409,609	3,944,140	4,883,140
Receivables		8,735	24,753	24,753
<b>Total current assets</b>		<b>418,344</b>	<b>3,968,893</b>	<b>4,907,893</b>
<b>Non-current assets</b>				
<b>Total non-current assets</b>		-	-	-
<b>Total assets</b>		-	-	-
<b>Current liabilities</b>				
Trade and other payables		10,038	40,833	40,833
Other liabilities	3	50,000	-	-
Borrowings	4	200,000	-	-
<b>Total current liabilities</b>		<b>260,038</b>	<b>40,833</b>	<b>40,833</b>
<b>Non-current liabilities</b>				
<b>Total non-current liabilities</b>		-	-	-
<b>Total liabilities</b>		<b>260,038</b>	<b>40,833</b>	<b>40,833</b>
<b>Net assets</b>		<b>158,306</b>	<b>3,928,060</b>	<b>4,867,060</b>
<b>Equity</b>				
Issued capital	5	1	7,015,175	7,954,175
Share based payments reserve	6	-	424,162	424,162
Accumulated losses		158,305	(3,511,277)	(3,511,277)
<b>Total equity</b>		<b>158,306</b>	<b>3,928,060</b>	<b>4,867,060</b>

- (i) This represents the audited Statement of Financial Position of Zelda as at 31 December 2015.  
(ii) The proforma financial information is based on a continuation of the Zelda Statement of Financial Position as at 31 December 2015, together with the proforma adjustments noted in Section 3(b) of this Report, using the reverse acquisition principles explained in Section 2 of this Report.

This statement should be read in conjunction with the accompanying notes.

**GLENEAGLE GOLD LIMITED (TO BE RENAMED ZELDA THERAPEUTICS LIMITED)  
STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 DECEMBER 2015**

	<b>Issued capital \$</b>	<b>Reserves \$</b>	<b>Accumulated losses \$</b>	<b>Total \$</b>
<b>Period ended 31 December 2015 – Zelda Therapeutics Pty Ltd <sup>(i)</sup> (audited):</b>				
<b>Balance at 31 December 2015</b>	<b>1</b>	<b>-</b>	<b>158,305</b>	<b>158,306</b>
<b>Proforma adjustments:</b>				
<b>\$3M raising</b>				
Shares issued pursuant to Prospectus	3,000,000	-	-	3,000,000
Share issue costs	(450,518)	-	-	(450,518)
Shares issued on conversion of convertible notes	1,050,000	-	-	1,050,000
Issue of shares to CPS Capital	400,000	-	(400,000)	-
Issue of options to incoming directors	-	243,893	(243,893)	-
Issue of options to outgoing directors	-	159,061	(159,061)	-
Issue of options to corporate consultant	-	21,208	(21,208)	-
Listing fee on acquisition of Zelda	-	-	(2,845,420)	(2,845,420)
Shares issued as part of reverse acquisition, at fair value of Gleneagle	3,015,692	-	-	3,015,692
<b>\$3M raising Proforma total <sup>(ii)</sup></b>	<b>7,015,175</b>	<b>424,162</b>	<b>(3,511,277)</b>	<b>3,928,060</b>
<b>Additional \$1,000,000 raising (for a total raising of \$4M)</b>				
Additional shares issued pursuant to Prospectus	1,000,000	-	-	1,000,000
Additional share issue costs	(61,000)	-	-	(61,000)
<b>\$4M raising Proforma total <sup>(ii)</sup></b>	<b>7,954,175</b>	<b>424,162</b>	<b>(3,511,277)</b>	<b>4,867,060</b>

(i) This represents the audited Statement of Changes in Equity of Zelda as at 31 December 2015.

(ii) The proforma financial information is based on a continuation of the Zelda Statement of Changes in Equity for the period ended 31 December 2015, together with the proforma adjustments noted in Section 3(b) of this Report, using the reverse acquisition principles explained in Section 2 of this Report.

This statement should be read in conjunction with the accompanying notes.

**GLENEAGLE GOLD LIMITED (TO BE RENAMED ZELDA THERAPEUTICS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies which have been adopted in the preparation of the historical and proforma financial information reported under Australian Equivalents to International Financial Reporting Standards ("AIFRS") are shown below.

**(a) Basis of preparation**

The financial statements have been prepared in accordance with the measurement requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia using the accrual basis of accounting, including the historical cost convention.

*Compliance with IFRS*

The financial information complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial information, comprising the financial statements and notes thereto, comply with measurement requirements but not all of the disclosure requirements of International Financial Reporting Standards.

*Historical cost convention*

These financial statements have been prepared under the historical cost convention.

**(b) Cash and Cash Equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to insignificant risks of changes in value.

**(c) Trade and other Receivables**

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

**(d) Financial Instruments**

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. Transaction costs on the issue of equity

**GLENEAGLE GOLD LIMITED (TO BE RENAMED ZELDA THERAPEUTICS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

**(e) Impairment of assets**

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless that asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying value does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(f) Borrowing Costs**

Borrowing costs are recognised as an expense when incurred, except for borrowing cost relating to qualifying assets when the interest is capitalised to the qualifying assets.

**(g) Trade and Other Payables**

Trade payables and other accounts payable are recognised when the Company becomes obliged to make future payments resulting from the purchase of goods and services.

**GLENEAGLE GOLD LIMITED (TO BE RENAMED ZELDA THERAPEUTICS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(h) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, except when the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(i) Provisions and Employee Leave Benefits**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying value is the present value of those cashflows. Where some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, for example under an insurance contract, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

**(j) Leases**

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the Company. All other leases are classified as operating leases.

**GLENEAGLE GOLD LIMITED (TO BE RENAMED ZELDA THERAPEUTICS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Finance leases are capitalised, recording an asset and a liability equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a diminishing value basis over their estimated useful lives where it is likely that the Company will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

**(k) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**(l) Contributed Equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Gleneagle Resources Limited as treasury shares until the shares are cancelled or reissued.



**GLENEAGLE GOLD LIMITED (TO BE RENAMED ZELDA THERAPEUTICS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Gleneagle Gold Limited.

**(m) Share-based payment transactions**

The Company provides benefits to employees (including senior executives) of the Company in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Gleneagle Gold Limited (market conditions) if applicable.

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

The Statement of Comprehensive Income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

**(n) Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable,

**GLENEAGLE GOLD LIMITED (TO BE RENAMED ZELDA THERAPEUTICS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's carrying amount.

**(o) Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of assets or liabilities (other than as a result of a business combination) which affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference arises from the initial recognition of goodwill; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which the deductible temporary differences or unused tax losses and tax offsets can be utilised, except:

- when the deductible temporary difference giving rise to the asset arises from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither accounting profit nor taxable income; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

**GLENEAGLE GOLD LIMITED (TO BE RENAMED ZELDA THERAPEUTICS LIMITED)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 DECEMBER 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when they relate to the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**(p) Principles of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (collectively referred to as "the Group"). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights of an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether the Company's voting rights are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties, rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

**GLENEAGLE GOLD LIMITED (TO BE RENAMED ZELDA THERAPEUTICS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members are eliminated in full on consolidation.

**(q) Reverse acquisition accounting**

The acquisition of Zelda by the Company has the features of a reverse acquisition under Australian Accounting Standard AASB 3 "*Business Combinations*", notwithstanding the Company being the legal parent of the group. Consequently the historical financial information presented in this Report for the period ended 31 December 2015 is the historical financial information of Zelda.

The legal structure of the group subsequent to the acquisition of Zelda will be that the Company will remain as the legal parent entity. However, the principles of reverse acquisition accounting are applicable where the owners of the acquired entity (in this case, Zelda) obtain control of the acquiring entity (in this case, the Company) as a result of the businesses' combination.

Under reverse acquisition accounting, the consolidated financial statements are issued under the name of the legal parent (the Company) but are a continuation of the financial statements of the legal subsidiary (Zelda), with the assets and liabilities of the legal subsidiary being recognised and measured at their pre-combination carrying amounts rather than their fair values.

**(r) Critical accounting judgements and key sources of estimation uncertainty**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

**GLENEAGLE GOLD LIMITED (TO BE RENAMED ZELDA THERAPEUTICS LIMITED)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 DECEMBER 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes option pricing model.

The Company measures the cost of cash-settled share based payments at fair value at the grant date using the Black & Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted.

**(s) Proforma transactions**

The proforma Statement of Financial Position of the Company as at 31 December 2015, and the proforma Statement of Comprehensive Income and proforma Statement of Changes in Equity for the period then ended as they would appear after incorporating the following actual or proposed significant events and transactions by the Company subsequent to 31 December 2015:

- (i) the issue by Zelda of 1,050,000 convertible notes with a face value of \$1 converting within 12 months of the date of the terms sheet at a 20% discount to the issue price of shares under the capital raising;
- (ii) the issue of up to a maximum of 160,000,000 ordinary shares at an issue price of \$0.025 each to raise a minimum of \$3,000,000 and a maximum of \$4,000,000 before expenses of the issue;
- (iii) the payment of costs of the issue being an estimated \$450,518 if the minimum amount is raised or \$511,518 if the maximum amount is raised;
- (iv) the issue of 16,000,000 ordinary shares in the Company to CPS Capital (or its nominee) in consideration of services provided to the Company in connection with the proposed transaction;
- (v) the issue of a total of 23,000,000 unlisted options to Messrs Harry Karelis, Jason Peterson, Dr Stewart Washer and Gabriel Chiappini to acquire shares each exercisable at \$0.03125 on or before the date that is 5 years from the date of grant in consideration for services provided to the Company in connection with the proposed transaction;
- (vi) the issue of a total of 15,000,000 unlisted options to Messrs Ian Love, Wayne Loxton and Neville Bassett to acquire shares each exercisable at \$0.03125 on or before the date that is 5 years from the date of grant in consideration for past and future services provided to the Company; and 2,000,000 unlisted options on the same terms as above to Merchants Funds Management Pty Ltd ("Merchants") in consideration for services provided to the company in connection with the acquisition;

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

- (vii) the repayment of \$200,000 in loan funding received from MJ Life Sciences Inc; and
- (viii) the issue of 320,000,000 ordinary shares in the Company on a post-consolidation basis at an issue price of \$0.025 each in consideration for the acquisition of 100% of the issued capital in Zelda Therapeutics Pty Ltd ("Zelda").

**2. CASH AND CASH EQUIVALENTS**

	<b>Zelda Audited 31/12/15 \$</b>	<b>Proforma \$3M raising \$</b>	<b>Proforma \$4M raising \$</b>
Balance	409,609	409,609	409,609
Cash balance of Gleneagle at 31 December 2015	-	185,049	185,049
Proceeds from shares issued pursuant to this Prospectus	-	3,000,000	4,000,000
Repayment of MJ Life Sciences loan	-	(200,000)	(200,000)
Share issue costs	-	(450,518)	(511,518)
Proceeds from convertible notes	-	1,000,000	1,000,000
	<b>409,609</b>	<b>3,944,140</b>	<b>4,883,140</b>

**3. OTHER LIABILITIES**

	<b>Zelda Audited 31/12/15 \$</b>	<b>Proforma \$3M raising \$</b>	<b>Proforma \$4M raising \$</b>
Balance – convertible note			
proceeds received in advance	50,000	50,000	50,000
Convertible note subscriptions	-	1,000,000	1,000,000
Issue of 52,500,000 ordinary shares in repayment of the notes	-	(1,050,000)	(1,050,000)
	<b>50,000</b>	<b>-</b>	<b>-</b>

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<b>4. BORROWINGS</b>	<b>Zelda Audited 31/12/15 \$</b>	<b>Proforma \$3m raising \$</b>	<b>Proforma \$4m raising \$</b>
Loan – MJ Life Sciences	200,000	200,000	200,000
Repayment of loan	-	(200,000)	(200,000)
	<b>200,000</b>	<b>-</b>	<b>-</b>

**5. ISSUED CAPITAL**

	<b>Zelda Audited 31/12/15 \$</b>	<b>Proforma \$3M raising \$</b>	<b>Proforma \$4M raising \$</b>
Balance	1	1	1
Share issued pursuant to Prospectus	-	3,000,000	4,000,000
Share issue costs	-	(450,518)	(511,518)
Conversion of convertible notes	-	1,050,000	1,050,000
Issue of shares to CPS Capital	-	400,000	400,000
Shares issued as part of reverse acquisition, at fair value of Gleneagle	-	3,015,692	3,015,692
	<b>1</b>	<b>7,015,175</b>	<b>7,954,175</b>

	<b>\$3M raising</b>		<b>\$4M raising</b>	
	<b>Number</b>	<b>\$</b>	<b>Number</b>	<b>\$</b>
Balance at 31 December 2015	100,449,102	1	100,449,102	1
Existing shares of GLN post-consolidation	120,627,672	16,307,505	120,627,672	16,307,505
Elimination of historical value of GLN	-	(16,307,505)	-	(16,307,505)
Elimination of historical number of Zelda shares	(100,449,102)	-	(100,449,102)	-
Shares issued to acquire Zelda	320,000,000	3,015,692	320,000,000	3,015,692
Shares issued pursuant to this Prospectus	120,000,000	3,000,000	160,000,000	4,000,000
Shares issued to CPS Capital for introduction of Zelda	16,000,000	400,000	16,000,000	400,000
Conversion of convertible notes	52,500,000	1,050,000	52,500,000	1,050,000
Share issue costs	-	(450,518)	-	(511,518)
	<b>629,127,672</b>	<b>7,015,175</b>	<b>669,127,672</b>	<b>7,954,175</b>

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**6. SHARE BASED PAYMENTS RESERVE**

	<b>Zelda Reviewed 31/12/15 \$</b>	<b>Proforma \$3M raising \$</b>	<b>Proforma \$4M raising \$</b>
Balance	-	-	-
Issue of options to incoming directors (i)	-	243,893	243,893
Issue of options to outgoing directors (ii)	-	159,061	159,061
Issue of options to corporate consultant (ii)	-	21,208	21,208
	<b>-</b>	<b>424,162</b>	<b>424,162</b>

- (i) A total of 23,000,000 unlisted options to be issued to Messrs Harry Karelis, Jason Peterson, Dr Stewart Washer and Gabriel Chiappini to acquire shares each exercisable at \$0.03125 on or before the date that is 5 years from the date of grant in consideration for services provided to the Company in connection with the proposed transaction.
- (ii) A total of 15,000,000 unlisted options to be issued to Messrs Ian Love, Wayne Loxton and Neville Bassett to acquire shares each exercisable at \$0.03125 on or before the date that is 5 years from the date of grant in consideration for past and future services provided to the Company and 2,000,000 unlisted options on the same terms as above to Merchants Funds Management Pty Ltd ("Merchants") in consideration for services provided to the company in connection with the acquisition.

Assuming the successful completion of all events in the Prospectus, the following options shall be on issue:

	<b>Number</b>	<b>\$</b>
Options exercisable at \$0.03125 on or before the date that is five years from the date of grant	40,000,000	424,162

The fair value of the equity-settled share options granted is estimated as at the date of grant using the Black & Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

Expected volatility (%)	80%
Risk-free interest rate (%)	2.0%
Expected life of options	Exercisable on or before five years from the date of grant
Exercise price (cents)	3.125 cents
Grant date share price (assumed as the issue price of shares under this Prospectus)	2.5 cents



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**6. SHARE BASED PAYMENTS RESERVE (CONT'D)**

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value.

**7. CONTINGENCIES AND COMMITMENTS**

There are no contingent liabilities of expenditure commitments at the date of this Report. Details of planned use of funds are outlined in Section 2.10 of the Prospectus.

**8. RELATED PARTY TRANSACTIONS**

Details of Directors' and Proposed Directors' interests in the Company's issued capital and transactions with the Company are included in Section 2.21 and Section 8 of the Prospectus.

## 7. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

### 7.1 Directors, Proposed Directors and key personnel

Biographies for the Directors and Proposed Directors are set out in Section 2.18 above. As discussed in Section 2.18, Mr Karelis is proposed to be appointed to the role of Executive Chairman and Dr Stewart Washer as Executive Director. In summary, the Directors and Proposed Directors and their respective status (including independence) are:

Mr Wayne Loxton	Director (retiring)	Not independent
Mr Ian Love	Director (retiring)	Independent
Mr Leon Davies	Director (retiring)	Independent
Mr Harry Karelis	Proposed Director	Executive Chairman, Not independent
Dr Stewart Washer	Proposed Director	Executive Director, Not independent
Mr Jason Peterson	Proposed Director	Non-executive Director, Not independent
Ms Mara Gordon	Proposed Director	Non-executive Director, Not independent

The independence of each Proposed Director has been determined in taking into account the relevant factors suggested in The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (**Recommendations**) (**Independence Factors**). The following table offers a brief explanation of how the Independence Factors have been applied to the Proposed Directors in anticipation of their respective appointments.

Mr Harry Karelis	Applying the Independence Factors, Mr Karelis will not be independent because Mr Karelis will be the Executive Chairman of the Company and a Substantial Shareholder on completion of the Acquisition (as set out in Section 2.13 above). However, the Company has determined that any risks to the Company and its shareholders associated with Mr Karelis' lack of independence in the areas identified can be mitigated with appropriate management in accordance with the Company's conflicts of interest procedure. Moreover, the Company considers that Mr Karelis' specific expertise is a key factor for the future success of the Company, and this outweighs any risk that may be perceived to be associated with his lack of independence in accordance with the Independence Factors.
Dr Stewart Washer	Applying the Independence Factors, Dr Stewart Washer will not be independent because Dr Washer will be an Executive Director of the Company and a Substantial Shareholder on completion of the Acquisition (as set out in Section 2.13 above). However, the Company has determined that any risks to the Company and its shareholders associated with Dr Washer's lack of independence in the areas identified can be mitigated with appropriate management in accordance with the Company's conflicts of interest procedure. Moreover, the Company considers that Dr Washer's specific expertise is a key factor for the future success of the Company, and this outweighs any risk that may be perceived to be associated with his lack of independence in accordance with the Independence Factors.
Mr Jason Peterson	Applying the Independence Factors, Mr Peterson will not be independent because Mr Peterson is a substantial Shareholder of the Company and will remain a Substantial Shareholder of the Company on completion of the Acquisition (as set out in Section 2.13 above). However, the Company has determined that any risks to the Company and its shareholders associated with Mr Peterson's lack of independence in the areas identified can be mitigated with appropriate management in accordance with the Company's conflicts of interest procedure.

	Moreover, the Company considers that Mr Peterson's specific expertise is a key factor for the future success of the Company, and this outweighs any risk that may be perceived to be associated with his lack of independence in accordance with the Independence Factors.
Ms Mara Gordon	Applying the Independence Factors, Ms Gordon will not be independent because will become a Substantial Shareholder of the Company on completion of the Acquisition (as set out in Section 2.13 above). However, the Company has determined that any risks to the Company and its shareholders associated with Ms Gordon's lack of independence in the areas identified can be mitigated with appropriate management in accordance with the Company's conflicts of interest procedure. Moreover, the Company considers that Ms Gordon's specific expertise is a key factor for the future success of the Company, and this outweighs any risk that may be perceived to be associated with her lack of independence in accordance with the Independence Factors.

## 7.2 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted the Recommendations.

The Company's compliance with the Recommendations as at the date of this Prospectus are set out in Annexure A, which also contains an overview of the Company's main corporate governance policies and practices as against each Recommendation. The various corporate governance policies referred to in Annexure A are available in a dedicated corporate governance information section of the Company's website ([www.gleneaglegold.net.au](http://www.gleneaglegold.net.au)).

Following admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in (or at the time of lodging) its annual financial report.

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## 8. MATERIAL CONTRACTS

### 8.1 Introduction

Set out below are summaries of the key provisions of contracts to which the Company is a party which are, or may be, material in terms of the Offers or the operations of the Company or otherwise are or may be relevant to an investor who is contemplating the Offers. To understand fully all rights and obligations pertaining to the material contracts, it would be necessary to read them in full.

### 8.2 Zelda 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 substantially similar to the material terms of the Sale Agreements set out in Section 8.3 below

- (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 Company and Zelda;
  - (ii) each of the shareholders of Zelda entering into a Sale Agreement with Gleneagle on terms consistent with the provisions of the Heads of Agreement and otherwise acceptable to the Company;
  - (iii) the Company receiving conditional approval by ASX to reinstate its securities and those conditions being satisfied to the reasonable satisfaction of Gleneagle and Zelda;
  - (iv) the Company undertaking a capital raising to raise at least \$3,000,000 pursuant to this Prospectus or such other minimum amount as agreed between the Company and Zelda provided that such minimum amount will be sufficient to satisfy any conditions imposed by ASX as contemplated under Section 8.2(a)(iii) above;
  - (v) consolidation of the Company's Securities on a 5 for 1 basis; and
  - (vi) the Company holding a meeting of 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 (**Consideration Shares**);
  - (ii) 80,000,000 Shares in consideration for professional services to be provided to Gleneagle in connection with the Acquisition (**Advisory Shares**);
  - (iii) 115,000,000 Options, each exercisable at a price equal to 125% of the issue price pursuant to this Prospectus on or before the date that is 5 years after the date of issue to the proposed directors and company secretary of the Company (**Executive Options**);
  - (iv) 75,000,000 Options, each exercisable at a price equal to 125% of the issue price pursuant to this Prospectus on or before the date that is 5 years after the date of issue to the existing Gleneagle officers in consideration for past services to be provided to Gleneagle (**Management Options**); and
  - (v) 10,000,000 Options, each exercisable at a price equal to 125% of the issue price pursuant to this Prospectus on or before the date that is 5 years from the date of grant to Merchan in consideration for services provided to Gleneagle in connection with the Acquisition (**Merchant Options**).
- (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 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.

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

### 8.3 Sale Agreements

As set out in Sections 2.2 and 2.21 above, as at the date of this Prospectus, the Company and Zelda have entered into Sale Agreements with all of the Zelda Shareholders in respect of the Acquisition pursuant to which the Zelda Shareholders will sell, and the Company will acquire 100% of the Zelda Shares.

The Sale Agreements include longer-form agreements with four of Zelda’s major shareholders (**Major Sale Agreements**), being:

- (a) Proposed Director Mara Gordon;
- (b) Proposed Director Harry Karelis;
- (c) Proposed Director Dr Stewart Washer; and
- (d) Proposed Director Mr Jason Peterson,

each of whom will become a director (and a related party) of the Company.

Under the Major Sale Agreements:

- (a) Ms Mara Gordon is entitled to receive 79,642,325 Consideration Shares by virtue of her 24.89% interest in Zelda;
- (b) Harry Karelis (indirectly through Gemelli Nominees Pty Ltd) is entitled to receive 42,921,014 Consideration Shares under the Sale Agreement by virtue of his 13.41% interest in Zelda;
- (c) Dr Stewart Washer (indirectly through Mal Washer Nominees Pty Ltd) is entitled to receive 32,398,689 Consideration Shares by virtue of his 10.12% interest in Zelda; and
- (a) Mr Jason Peterson is entitled to receive 52,459,017 Consideration Shares by virtue of his 16.39% interest in Zelda.

The above Consideration Shares are expressed on a Post-Consolidation basis.

The consideration terms of the Sale Agreements for the related party Zelda Shareholders and non-related party Zelda Shareholders are the same. The Consideration Shares to be received by the related parties are pro-rated against other Zelda Shareholders, in that the relevant related party receives the same number of Shares per Zelda Share as every other Zelda Shareholder.

The Company considers that the terms of the financial benefit provided to the related party Zelda Shareholders is reasonable in the circumstances as it is the same as the financial benefit to be received by the non-related party Zelda Shareholders.

The material terms of the Major Sale Agreements are as follows:

- (b) **(Conditions Precedent):** Completion of each Major Sale Agreement is subject to and conditional upon a number of conditions precedent, including:
  - (i) each of the conditions precedent set out in Section 8.2(a)(i) to 8.2(a)(vi) above;
  - (ii) Zelda Shareholders representing not less than 100% of all Zelda Shares on issue at the date of the Sale Agreements (or such lesser percentage as agreed to by Zelda and the Company) entering into the Sale Agreements in relation to all of their Zelda Shares;

- (iii) Zelda obtaining a waiver of clause 9.1 of the Caziwell Licence Agreement (see section 8.6 below); and
  - (iv) all of the Zelda Convertible Notes converting into Shares in accordance with their terms (see Section 8.4 below).
- (c) **(Consideration):** Subject to satisfaction of the conditions precedent, at completion, Gleneagle will issue the Consideration Shares to the Zelda Shareholders in proportion to their existing shareholdings in Zelda.

The Major Sale Agreements otherwise contain clauses typical for agreements of this nature.

In addition to the Major Sale Agreements, GLN has entered into Sale Agreements with the remaining Zelda Shareholders to acquire their Zelda Shares. These Sale Agreements contain representations and warranties of a more limited nature (dealing with title and capacity). These Sale Agreements are conditional on settlement occurring under the Major Sale Agreements.

The Sale Agreements otherwise contain clauses typical for agreements of this nature.

## 8.4 Zelda Convertible Note Subscription Agreements

In March 2016, Zelda entered into various convertible note subscription agreements (**Zelda Subscription Agreements**) with certain sophisticated and professional investors (**Zelda Noteholders**), pursuant to which the Zelda Noteholders agreed to subscribe for Zelda Convertible Notes to raise an aggregate of \$1.05 million (**Zelda Capital Raising**).

The material terms of the Zelda Convertible Notes are as follows:

- (a) **(Face Value):** The face value of each Zelda Convertible Note is \$1.00.
- (b) **(Interest):** No interest is payable under the principal amount of the Zelda Convertible Notes.
- (c) **(Redemption):** In the absence of an event of default, the Zelda Convertible Notes may not be redeemed by the Zelda Noteholder and can only be converted into equity in accordance with the terms described below.
- (d) **(Conversion if Acquisition proceeds):** Upon Completion of the Acquisition and the Company receiving confirmation from ASX that its securities will be reinstated to quotation on the ASX (on conditional terms or otherwise), the Zelda Convertible Notes will automatically convert into shares in the Company at a conversion rate equal to a 20% discount to the issue price of shares offered by the Company in connection with the Proposed Transaction.
- (e) **(Noteholder Rights)** Before conversion, each Zelda Noteholder is not entitled to vote at any general meetings of Zelda, not participate in any rights issue, return of capital, bonus issue of capital reconstruction undertaken by Zelda.

The Zelda Subscription Agreements otherwise contain clauses typical for agreements of this nature.

## 8.5 CPS Capital Mandate

As set out in Section 2.21 above, on 8 July 2016 the Company entered into the CPS Capital Mandate with CPS Capital. Mr Jason Peterson, who is to become a director (and a related party) of the Company, is associated with CPS Capital.

The material terms of the CPS Capital Mandate are as follows:

- (a) **(Services Provided by CPS Capital):** CPS Capital was appointed as a corporate advisor with respect to the acquisition of Zelda, as well as Lead Manager with respect to the Public Offer. CPS Capital has the exclusive and unfettered right (but not obligation) to offer any and all of the Shares to investors pursuant to the Prospectus;
- (b) **(Payments to CPS Capital):** the Company has agreed to pay the following fees to CPS Capital:
  - (i) **(Corporate Advisor Fee):** a corporate advisory fee of approximately \$5,000 per month (plus GST) where applicable, for a period of up to 12 months for execution of the CPS Capital Mandate;

- (ii) **(Public Offer Fee):** a capital raising fee of 6% of the gross amount raised from all sources under the Public Offer; and
- (iii) **(Incidental Expenses):** reimbursement of expenses incurred in connection with providing services pursuant to the CPS Capital Mandate;
- (c) **(Placing Fee):** by negotiation, CPS will pay out a placing fee of up to 4% (plus GST) to any external parties for introducing investors to the Public Offer.

In addition, CPS Capital is entitled to receive 16,000,000 Shares (Post-Consolidation) in consideration for professional services to be provided to the Company in connection with the Acquisition.

## 8.6 Titan Consultancy Agreement

As set out in Section 2.21 above, on 4 September 2015, Zelda entered into the Titan Consultancy Agreement with Titan Capital. Mr Harry Karelis, who is to become a director (and a related party) of the Company, is associated with Titan Capital.

The material terms of the Titan Consultancy Agreement are as follows:

- (a) **(Services provided by Titan)** Titan is to provide services to Zelda, including but not limited to:
  - (i) providing services typically required by start-up companies, such as the formation of a suitable board of directors, identifying and securing the services of an appropriate CEO and entering into scientific research partnerships (including clinical trial agreements);
  - (ii) using best efforts to secure a mutually agreed funding amount, subject to budget and a use of funds analysis;
  - (iii) organising relevant introductions and meetings; and
  - (iv) providing support during negotiations towards the completion of scientific partnerships, capital raisings and subsequent capital market events.
- (b) **(Payments to Titan):** Zelda has agreed to pay the following fees to Titan:
  - (i) **(Consulting Agreement):** with respect to a consulting agreement with Titan for an initial minimum period of 12 months with a commencement date of 1 August 2015 for a total monthly cash retainer of \$10,000 (plus GST) payable monthly in advance;
  - (ii) **(Success Fee):** a success fee of \$150,000 (plus GST) upon Zelda achieving a successful listing or equivalent capital market event including but not limited to an initial public offering or reverse takeover; and
  - (iii) **(Incidental Expenses):** reimbursement of expenses incurred in connection with providing the consulting services.
- (c) **(Termination Fees)** A termination fee of \$120,000 less any payments made since the date of the Titan Consultancy Agreement is payable to Titan upon termination by mutual agreement of the parties.

## 8.7 Biologica Consultancy Agreement

As set out in Section 2.21 above, on 1 February 2016, Zelda entered into the Biologica Consultancy Agreement with Biologica. Dr Stewart Washer, who is to become a director (and a related party) of the Company, is associated with Biologica.

The material terms of the Biologica Consultancy Agreement are as follows:

- (a) **(Services provided by Biologica):** Biologica (via Dr Stewart Washer) is to provide general consultancy services in respect to investor relations and the promotion of Zelda in the investor market.
- (b) **(Payments to Biologica):** Zelda has agreed to pay the following fees to Biologica:
  - (i) **(Consultancy Fee):** Zelda will pay \$10,000 (plus GST) during the Engagement Period (see below); and

- (ii) **(Incidental Expenses):** reimbursement of expenses incurred in connection with providing the consultancy services.
- (c) **(Engagement Period):** Zelda has engaged Biologica on a non-exclusive basis from 1 January 2016 until either Zelda or Biologica terminates the Biologica Consultancy Agreement.

## 8.8 Caziwell Licence Agreement

On 7 December 2015, Zelda entered into a licence agreement with Caziwell Inc (Corporate ID: C3758896) (**Caziwell**), including Aunt Zelda's Inc (Mutual Benefit Corp ID: C3404732) (**Caziwell Licence Agreement**) pursuant to which Caziwell agreed to exclusively licence patient data concerning the medicinal properties of cannabis and cannabis infused products, including formulations and protocols (**Existing Data**), to Zelda for use in pre-clinical research and human clinical trials and related activities.

The material terms of the Caziwell Licence Agreement are as follows:

- (a) **(Licence and Royalty)** In consideration for payment of a royalty to Caziwell of 10% of net sales by Zelda (commencing on the first day that a product is sold, transferred, rented, leased or distributed by or Zelda) and the payment of a one-off milestone fee of \$250,000 (payable within 7 days of a product commencing a clinical trial, occurring when the first patient is recruited and commences treatment), Caziwell granted Zelda an exclusive, perpetual, worldwide licence to the Existing Data (**Licence**).
- (b) **(Sub-Licence and Sub-Licence Royalty)** Zelda may grant sub-licences to the Existing Data and any data generated as a result of the research and clinical trials undertaken by Zelda to third parties for the duration of the Licence. In consideration, Zelda is required to pay Caziwell a royalty of 25% of the licence fees and payments, including milestone fees, made by sub-licensees to Zelda.
- (c) **(Intellectual Property)** All intellectual property, including any data generated, created or developed as a result of or in relation to the research and clinical trials undertaken by Zelda, and any intellectual property generated using or in reliance on the Existing Data vests in Zelda.
- (d) **(Change of Control)** Upon a change in control (a change in the beneficial ownership of more than 50% of the issued share capital or legal power to direct management) of Zelda the Licence will revert to a non-exclusive licence unless a mutually agreed fee of no less than US\$500,000 is received by Caziwell within 7 days of the change of control.

On 29 June 2016, Caziwell waived its rights to receive a mutually agreed fee in connection with the Acquisition and confirmed that following completion of the Acquisition, the licence granted to Zelda under the Caziwell Licence Agreement will remain an exclusive, perpetual, worldwide licence.

- (e) **(Termination)** Any party may terminate the Caziwell Licence Agreement with immediate effect if the other party commits a material breach which is not remedied, a force majeure event occurs, or an insolvency event occurs in relation to the other party.

## 8.9 UCM Research Agreement

On 21 October 2015, Zelda entered into an agreement with Mr José Manuel Pingarrón Carrazón (as Vice Rector of Knowledge Transfer and Entrepreneurship at Universidad Complutense de Madrid) regarding certain research to be undertaken by the research team directed by Dr. Cristina Sánchez García (**Research Team**) (**UCM Research Agreement**).

The material terms of the UCM Research Agreement are as follows:

- (a) **(Research)** The Research Team undertakes to carry out for Zelda research into the anti-tumour effect of cannabinoids in HER2+ and triple negative breast cancer, the purpose of which is to determine the anti-tumour potential of various cannabinoid compounds in combination with standard anticancer treatments in HER2+ and triple negative breast cancer (**Research**).
- (b) **(Term and Funding)** The time assigned to carrying out the project is from 1 April 2016 to 31 March 2018. The commencement of the project is subject to Zelda securing a minimum of



A\$3,000,000 in funding. Zelda has the option to commence the project prior to 1 April 2016, subject to the availability of financing and by mutual agreement of the parties.

- (c) **(Payment)** Zelda has agreed to pay UCM what it considers commercial rates for the contracted Research over the duration of the UCM Research Agreement to the Research Team.
- (d) **(Confidentiality)** The details and reports obtained during execution of the project and the final results will be confidential.
- (e) **(Intellectual Property)** All intellectual property rights derived from inventions, patents, know-how and technology in general during the execution of the Research belong exclusively to Zelda as sole owner.
- (f) **(Royalty)** In the case of new, patentable intellectual property that arises under the collaboration between the parties, Zelda has agreed to pay a royalty of what it considers commercial rates for net sales or third party licence income received.
- (g) **(Publication)** If a party wishes to use partial or final results of the Research for publication it must request the agreement of the other party in writing. If no response is received within 45 days of the request, the absence thereof will be taken as tacit authorisation.
- (h) **(Authorisation)** The UCM Research Agreement is subject to granting of the authorisation stipulated in the regulations for contracting with public and private entities, or with physical persons, the execution of works of a scientific, technical or artistic nature, described in Article 83 of the Organic Law of Universities.
- (i) **(Governing Law)** The UCM Research Agreement is governed and construed in accordance with Spanish law.

## **8.10 AusCann Heads of Agreement**

On or around 6 May 2016 Zelda entered into a heads of agreement with AusCann where, subject to agreeing terms, including pricing, AusCann is to be Zelda's preferred supplier of cannabinoid-based medicines required for Zelda's clinical and research activities (**AusCann Heads of Agreement**).

The material terms of the AusCann Heads of Agreement are as follows:

- (a) **(Preferred Supplier Arrangement)** AusCann is to be Zelda's preferred supplier of cannabinoid-based medicines required for research and clinical activities conducted by Zelda in the Australian market.
- (b) **(Required Standard)** AusCann is to produce medicines to the required regulatory standards.
- (c) **(Legal Costs)** AusCann is to be solely responsible for any legal costs in formally documenting the relationship between AusCann and Zelda for the purposes of the Preferred Supplier Arrangement.
- (d) **(Media and Public Relations)** AusCann and Zelda are to work collaboratively in exploiting all media and public relations opportunities for mutual benefit.
- (e) **(Global Markets)** Subject to agreeing terms including pricing, AusCann is to be Zelda's preferred supplier of cannabinoid-based medicines required for research and clinical activities conducted by Zelda in other global markets. The parties are to work together in good faith to establish suitable supply chains for these markets where appropriate and legal to do so.

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## **9. ADDITIONAL INFORMATION**

### **9.1 Litigation**

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

## 9.2 Rights attaching to Shares

Subject to the special resolution being passed at the Company's General Meeting to be held on 25 July 2016 and subject to completion of the Acquisition, Shareholders will approve a resolution to replace the Company's current Constitution with a new constitution (**Proposed Constitution**).

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

Full details of the rights attaching to Shares are set out in the Proposed Constitution, which is available for review by Shareholders at the Company's website [www.gleneaglegold.net.au](http://www.gleneaglegold.net.au) and at the office of the Company during normal business hours. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 6268 2622).

### (a) General Meeting

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Company's Proposed Constitution, the Corporations Act or the ASX Listing Rules.

### (b) Voting

Subject to any rights or restrictions for the time being attached to any class or classes of shares whether by the terms of their issue, the Proposed Constitution, the Corporations Act or the ASX Listing Rules, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by a representative, proxy or attorney has one vote on a show of hands and every such holder present in person or by a representative, proxy or attorney has one vote per share on a poll. A person who holds an ordinary share which is not fully paid is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share. A member is not entitled to vote unless all calls and other sums presently payable by the member in respect of shares in the Company have been paid. Where there are two or more joint holders of the share and more than one of them is present at a meeting and tenders a vote in respect of the share (whether in person or by proxy or attorney), the Company will count only the vote cast by the member whose name appears before the other(s) in the Company's register of members.

### (c) Issues of Further Shares

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Company's Proposed Constitution, the ASX Listing Rules, the Corporations Act and any rights for the time being attached to the shares in special classes of shares.

### (d) Variation of Rights

At present, the Company has on issue one class of shares only, namely ordinary shares. The rights attached to the shares in any class may be altered only by a special resolution of the Company and a special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

### (e) Transfer of Shares

Subject to the Company's Proposed Constitution, the Corporations Act, the ASX Settlement Operating Rules and the ASX Listing Rules, ordinary shares are freely transferable. The shares may be transferred by a proper transfer effected in accordance with ASX Settlement Operating Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors that is permitted by the Corporations Act.

The Company may decline to register a transfer of shares in the circumstances described in the Company's Proposed Constitution and where permitted to do so under the ASX Listing

Rules. If the Company declines to register a transfer, the Company must give the lodging party written notice of the refusal and the reasons for refusal. The Directors must decline to register a transfer of shares when required by law, by the ASX Listing Rules or by the ASX Settlement Operating Rules.

(f) **Partly Paid Shares**

The Directors may, subject to compliance with the Company's Proposed Constitution, the Corporations Act and the ASX Listing Rules, issue partly paid shares upon which amounts are or may become payable at a future time(s) in satisfaction of all or part of the unpaid issue price.

(g) **Dividends**

Subject to the Corporations Act, the Listing Rules, the Company's Proposed Constitution and the rights of any person entitled to shares with special rights to dividend, the Directors may determine that a dividend is payable. The Company in general meeting may declare a dividend if the Directors have recommended a dividend and a dividend shall not exceed the amount recommended by the Directors. The Directors may authorise the payment to the members of such interim dividends as appear to the Directors to be justified by the Company's profits and for that purpose may declare such interim dividends. Subject to the rights of members entitled to shares with special rights as to dividend (if any), all dividends in respect of shares (including ordinary shares) are to be declared and paid proportionally to the amount paid up or credited as paid up on the shares.

(h) **Winding Up**

Subject to the rights of holders of shares with special rights in a winding up, if the Company is wound up, members (including holders of ordinary shares) will be entitled to participate in any surplus assets of the Company in proportion to the shares held by them respectively irrespective of the amount paid up or credited as paid up on the shares.

(i) **Dividend Plans**

The Directors may establish and maintain dividend plans under which (among other things) a member may elect that dividends payable by the Company be reinvested by way of subscription for shares in the Company or a member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of shares.

(j) **Directors**

The Company's Proposed Constitution states that the minimum number of Directors is three.

(k) **Powers of the Board**

The Directors have power to manage the business of the Company and may exercise that power to the exclusion of the members, except as otherwise required by the Corporations Act, any other law, the ASX Listing Rules or the Company's Proposed Constitution.

### 9.3 Options

The terms and conditions of the Executive Options, Management Options and Merchant Options are as follows:

- (a) Each Option gives the holder the right to subscribe for one 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 Public Offer (**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.

#### 9.4 Proposed Employee Share Option Plan'

The Directors propose to adopt the Zelda Therapeutics Limited Employee Share Option Plan (**Plan**) to enable Eligible Employees to be granted Options to acquire Shares in the Company, the principle terms of which are summarised below.

- (a) **(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.
- (b) **(Terms of ESOP Options)**
  - (i) Each ESOP Option will be granted to Eligible Employees under the Plan for no more than nominal consideration.
  - (ii) Each ESOP Option will entitle its holder to subscribe for and be issued, one Share (upon vesting and exercise of that ESOP Option).
  - (iii) 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.
  - (iv) 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.
  - (v) 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.
  - (vi) 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.

- (vii) 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.
- (viii) 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.
- (c) **(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.
- (d) **(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.
- (e) **(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.
- (f) **(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.
- (g) **(Lapse)** An ESOP Option will immediately lapse upon the first to occur of:
  - (i) the cessation of employment, engagement or office of the participant;
  - (ii) if the Board and the participant agrees, the day the Board makes a determination that the ESOP Options lapse;
  - (iii) if any applicable conditions are not achieved by the relevant time;
  - (iv) 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
  - (v) 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.

Although no issues have occurred under the ESOP, the Proposed Directors are considering the issue of up to 800,000 ESOP Options to the members of the Medical Advisory Board. The terms of issue of

these options has not been determined as yet by the Proposed Board and will only occur if the Acquisition has been completed.

## **9.5 Interests of Directors**

Other than as set out in this Prospectus, no Director or Proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

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

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or Proposed Director:

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

## **9.6 Interests of Experts and Advisers**

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

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

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

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

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

- (a) the formation or promotion of the Company; or
- (b) the Public Offer.

HLB Mann Judd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 6 of this Prospectus. The Company estimates it will pay HLB Mann Judd a total of \$15,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, HLB Mann Judd has received a total of \$50,750 in fees from the Company (being \$41,500 for audit services and \$9,250 for other services).

CPS Capital Group Pty Ltd has acted as Lead Manager of the Public Offer set out in this Prospectus. The Company estimates it will pay CPS Capital Group Pty Ltd a total of approximately \$180,000 (excluding GST) (being a capital raising fee of 6% of the gross amount raised from all sources under the Public Offer and assuming the minimum amount of \$3,000,000 is raised pursuant to the Public Offer) and a corporate advisory fee of approximately \$5,000 per month (excluding GST) where applicable, for a period of up to 12 months from execution of the CPS Capital Mandate, for these services. In addition, CPS Capital is entitled to receive 16,000,000 Shares (Post-Consolidation) in

consideration for professional services to be provided to the Company in connection with the Acquisition. No fees have been paid to CPS Capital Group Pty Ltd during the 24 months preceding lodgement of this Prospectus with the ASIC.

Allion Partners has acted as the solicitors to the Company in relation to the Acquisition, the Notice of Meeting and the Public Offer. The Company estimates it will pay Allion Partners \$146,000 (excluding GST and disbursements) for these services. Subsequently, fees will be charged in accordance with normal charge out rates.

## 9.7 Consents

Each of the parties referred to in this Section:

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

HLB Mann Judd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 6 of this Prospectus in the form and context in which the information and report is included. HLB Mann Judd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

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

CPS Capital Group Pty Ltd has given, and at the time of lodgement of this Prospectus, has not withdrawn its consent to be named as Lead Manager to the Public Offer under this Prospectus in the form and context in which it is named.

CPS Capital Group Pty Ltd was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus. CPS Capital Group Pty Ltd makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Public Offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by CPS Capital Group Pty Ltd. To the maximum extent permitted by law, CPS Capital Group Pty Ltd expressly disclaims and takes no responsibility for any material in, or omission from, this Prospectus other than the reference to its name.

## 9.8 Expenses of the Offer

The total expenses of the Public Offer (excluding GST) are estimated to be approximately \$480,518 for minimum subscription or \$541,518 for full subscription and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Minimum Subscription (\$3,000,000)	Full Subscription (\$4,000,000)
ASIC fees	\$2,290	\$2,290
ASX fees	\$70,728	\$71,728
Broker Commissions and Advisory Fees*	\$330,000	\$390,000
Legal Fees	\$50,000	\$50,000
Investigating Accountant's Fees	\$15,000	\$15,000
Printing and Distribution	\$10,000	\$10,000
Miscellaneous	\$2,500	\$2,500
<b>TOTAL</b>	<b>\$480,518</b>	<b>\$541,518</b>

## **9.9 Continuous disclosure obligations**

Following admission of the Company to the Official List, the Company will be a “disclosing entity” (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

## **9.10 Electronic Prospectus**

Pursuant to Regulatory Guide 107, ASIC wishes to encourage the distribution of an electronic prospectus and electronic application form, subject to compliance with certain requirements.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at [www.gleneaglegold.net.au](http://www.gleneaglegold.net.au).

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

## **9.11 Financial Forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## **9.12 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will apply to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to a bank account statement) that set out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

## **9.13 Privacy statement**

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

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



You can access, correct and update the personal information that the Company holds about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

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

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**10. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors and separately consented to by each of the Proposed Directors.

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



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**Wayne Loxton**

**Director**

**For and on behalf of Gleneagle Gold Limited**

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## 11. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

**\$** means an Australian dollar.

**Acquisition** has the meaning given to that term in Section 2.2 of this Prospectus.

**Advisory Shares** has the meaning given to that term in Section 8.2(b) of this Prospectus.

**Application Form** means either a Public Offer Application Form, Zelda Noteholders Offer Application Form or a Zelda Shareholders Offer Application Form.

**ASIC** means Australian Securities & Investments Commission.

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

**ASX Listing Rules** means the official listing rules of ASX.

**Board** means the board of Directors as constituted from time to time.

**Closing Date** means the closing date of the Offer as set out in the indicative timetable on page 2 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

**Company** means Gleneagle Gold Limited (to be renamed Zelda Therapeutics Limited) (ABN 27 103 782 378).

**Consideration Shares** has the meaning given to that term in Section 8.2(b) of this Prospectus.

**Consolidation** means the consolidation of the Company's Securities on a 5 for 1 basis to be undertaken by the Company.

**Constitution** means the constitution of the Company.

**Conversion Shares** has the meaning given to that term in Section 8.4 of this Prospectus.

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

**Directors** means the directors of the Company at the date of this Prospectus and the Proposed Directors.

**Executive Options** has the meaning given to that term in Section 8.2(b) of this Prospectus.

**Heads of Agreement** has the meaning given to that term in Section 2.2 of this Prospectus.

**Management Options** has the meaning given to that term in Section 8.2(b) of this Prospectus.

**Merchant** means Merchant Funds Management Pty Ltd (ACN 154 493 277);

**Merchant Options** has the meaning given to that term in Section 8.2(b) of this Prospectus.

**Notice of Meeting** has the meaning given to that term in Section 2.3 of this Prospectus.

**Offers** means the offer of Shares pursuant to the Public Offer, the Zelda Shareholders Offer and the Zelda Noteholders Offer.

**Offer Period** means the period from the Public Offer Opening Date until the Public Offer Closing Date.

**Official List** means the official list of ASX.

**Official Quotation** means official quotation by ASX in accordance with the ASX Listing Rules.

**Option** means an option to acquire a Share.

**Proposed Directors** means those persons named as such in Section 7.1 of this Prospectus.

**Prospectus** means this prospectus.

**Public Offer** means the offer of Share to the public pursuant to this Prospectus as set out in Section 3.1 of this Prospectus.

**Public Offer Application Form** means the application forms attached to or accompanying this Prospectus relating to the Public Offer.

**Public Offer Closing Date** means the closing date of the Public Offer, as set out in the indicative timetable on page 2 of this Prospectus.

**Public Offer Opening Date** means the opening date of the Public Offer, as set out in the indicative timetable on page 2 of this Prospectus.

**Sale Agreements** means the sale agreements for the acquisition of Zelda by the Company which is summarised in Section 8.3 of this Prospectus.

**Section** means a section of this Prospectus.

**Settlement Date** means the date of settlement of the Sale Agreements.

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

**Shareholder** means a holder of Shares.

**VWAP** means the volume weighted average price of the Share quoted on the ASX.

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

**Zelda** means Zelda Therapeutics Pty Ltd (ACN 607 538 876).

**Zelda Capital Raising** has the meaning given in Section 8.4.

**Zelda Convertible Note** means the convertible notes issued by Zelda under the Zelda Subscription Agreements, the terms of which are summarised in Section 8.4.

**Zelda Noteholder** means the holder of a Zelda Convertible Note.

**Zelda Noteholders Offer** means the offer to the Zelda Noteholders pursuant to this Prospectus as set out in Section 3.2(b) of this Prospectus.

**Zelda Noteholders Offer Application Form** means the application form attached to or accompanying this Prospectus relating to the Zelda Noteholders Offer.

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

**Zelda Shareholder** means the holder of a Zelda Share.

**Zelda Shareholders Offer** means the offer to the Zelda Shareholders pursuant to this Prospectus as set out in Section 3.2(a) of this Prospectus.

**Zelda Shareholders Offer Application Form** means the application form attached to or accompanying this Prospectus relating to the Zelda Shareholders Offer.

## ANNEXURE A – COMPLIANCE WITH ASX CORPORATE GOVERNANCE PRINCIPLES AND GUIDELINES

No.	PRINCIPLES AND RECOMMENDATIONS (Summary)	COMPLIES	COMMENT
<b>1.</b>	<b>LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
1.1	A listed entity should disclose the respective roles and responsibilities of its board and management; and those matters expressly reserved to the board and those delegated to management.	Yes	The Board has adopted a Board Charter, which discloses the specific responsibilities of the Board, including detailing those responsibilities which are reserved expressly to the Board and those which are delegated to management.
1.2	A listed entity should:  (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and  (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	Yes	<p>The Company undertakes comprehensive reference checks prior to appointing a director or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of a director. A director that has been appointed during the year must stand for election at the next Annual General Meeting (<b>AGM</b>). The Company provides to shareholders in the Notice of AGM relevant information for the shareholder's consideration.</p> <p>The Company intends to appoint the Proposed Directors to the Board on completion of the Acquisition. In preparation for these appointments, the Company has conducted all appropriate checks on each of the Proposed Directors. As at the date of this Prospectus, the only outstanding result to be returned in response to those checks is Mara Gordon's US police check.</p> <p>In addition, the Company's Nomination Committee Charter (see recommendation 2.1) establishes accountability for requiring appropriate checks of potential directors to be carried out before appointing that person or putting them forward as a candidate for election, and this will be undertaken with respect to all future appointments.</p>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes	Each director and senior executive has a written agreement setting out the terms of their appointment. With respect to the Proposed Directors, Dr Stewart Washer and Mr Harry Karelis have each entered into consultancy agreement with Zelda setting out the terms of each of their appointment and a written agreement will also be entered into with each of Mr Jason Peterson and Ms Mara Gordon.

1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.	Yes	The Company Secretary is appointed under a written agreement under which the Company Secretary is accountable to the Board in relation to matters to do with the proper functioning of the Board.
1.5	A listed entity should have a diversity policy and should disclose at the end of each reporting period the measurable objectives for achieving gender diversity and the progress towards achieving those objectives.	No	The Company recognises the importance of equal employment opportunity, however, has determined to not initially adopt a formal policy and establish measurable objectives for achieving gender diversity (and accordingly, will not initially be in a position to report against measurable objectives). The Board considers that its approach to gender diversity and measurable objectives is justified by the current nature, size and scope of the business, but will consider in the future, once the business operations of the Company mature, whether a more formal approach to diversity is required.
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; (b) and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	No	The Board has not adopted any formal procedures for the review of its performance, however to date it has applied an on-going self-evaluation process. The Company anticipates that this recommendation will become an area of focus as the Company's operations mature.
1.7	A listed entity should have and disclose a process for periodically evaluating the performance of its senior executives and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	No	As from completion of the Acquisition, it is not anticipated that the Company will in the short term have any executives or full time employees that are not members of the Board. Accordingly, the Board has not adopted any formal procedures for the review of the performance of senior executives. The Board will, as required, adopt in the future an assessment process to measure senior executive performance, with outcomes utilised to determine senior executive remuneration.
<b>2.</b>	<b>LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
2.1	The Company should have a Nomination Committee which has at least 3 members a majority of whom are independent and is chaired by an independent director. If it does not have a nomination committee,	Yes	The Board has not established a separate Nomination Committee. Given the scale of the Company's proposed post-Acquisition operations, it is anticipated that the full Board will be able to continue adequately discharge the functions of a Nomination Committee for the short to medium term. The reconstituted Board will consider establishing a Nomination Committee when the size and complexity of the Company's operations and management

	the Board should disclose that fact and the processes it employs to address board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.		warrant it. In the meantime, the Company has adopted a Nomination and Remuneration Committee Charter, which includes specific responsibilities to be carried out by that committee when it is established.
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	No	The proposed Board will be specifically constituted with the mix of skills and experience that the Company requires to move forward in implementing its new strategic objectives. The composition of the reconstituted Board and the performance of each Director will be reviewed from time to time to ensure that the Board continues to have a mix of skills and experience necessary for the conduct of the Company's activities as the Company's business matures and evolves. Currently, and in view of the new proposed composition of the Board to suit the Company's clear short to medium term strategic objectives, the Company does not consider that a specific Board skills matrix would add any separate or additional value or benefit to the Company or its shareholders. The newly constituted Board will re-consider whether a formal Board skills matrix is appropriate in due course.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship which may otherwise be seen as a conflict to the director's obligation to the company but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service for each director	Yes	Details of the Proposed Directors and their independence status are identified in section 7.1 of this Prospectus. Independence factors are fully discussed in that section.
2.4	A majority of the board of a listed entity should be independent directors	No	As disclosed in the response to Recommendation 2.3 above and 7.1 of this Prospectus, there are currently no independent directors on the Board.  While the majority of the Board is not currently independent, the Company is confident that current composition of the Board is optimal for transitioning the Company into its next phase of operations, and is therefore in the best interests of the Company and its

			shareholders. The Board will review the balance of independence on the Board on an on-going basis, and will implement changes at its discretion having regard to the Company's growth and changing management and operational circumstances.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity	No	<p>The proposed chairman (Mr Karelis) will also carry out the key executive function.</p> <p>Mr Karelis is not considered independent for the reasons discussed in Section 7.1 of this Prospectus, however the Company believes that Mr Karelis is uniquely suited to carrying out the functions of the Chair (as well as undertaking the key executive functions of the Company) because Mr Karelis' specific expertise (as detailed in Section 2.18 of this Prospectus) is a key factor for the future success of the Company.</p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	No	Commensurate with the Board's small size and the scale of the Company's operations, the induction process for new directors is currently informal. Directors are supported in undertaking their own continuing professional development.
<b>3.</b>	<b>PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING</b>		
3.1	A listed entity should have a code of conduct for its directors, senior executives and employees and disclose that code or a summary of it.	Yes	The Company has adopted a Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in business. All of the Company's directors and employees are required to comply with the standards of behaviour and business ethics in accordance with the law and the Code of Conduct.
<b>4.</b>	<b>SAFEGUARD INTEGRITY IN FINANCIAL REPORTING</b>		
4.1	<p>The Board of a listed entity should have an audit committee which consists of at least 3 members all of whom are non- executive directors and a majority of whom are independent directors and the committee should be chaired by an independent director who is not the chair of the board.</p> <p>If it does not have an audit committee, the Board should disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the</p>	Yes	<p>The Board has not established a separate audit committee. Given the present size of the Company and the scale of its operations, the Board has decided that the full Board can adequately discharge the functions of an audit committee. The Board will establish an Audit Committee when the size and complexity of the Company's operations and management warrant it.</p> <p>In the meantime, the Board has adopted an Audit and Risk Committee Charter, which includes specific responsibilities relating to audit and risk, and which the Board uses as a guide when acting in the capacity of the Audit Committee.</p>



	external auditor and the rotation of the audit engagement partner.		
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	The Board will continue to require a conforming declaration from the relevant key executive or executives before it approves the entity's financial statements for each financial period, consistent with practice to date.
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	The Company's external auditor will be invited to attend all Annual General Meetings of the Company and will be available to answer questions from security holders relevant to the audit.
<b>5.</b>	<b>MAKE TIMELY AND BALANCED DISCLOSURES</b>		
5.1	A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rules and disclose that policy or a summary of it.	Yes	The Company has a Continuous Disclosure Policy which includes processes to ensure compliance with ASX Listing Rule 3.1 disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.
<b>6.</b>	<b>RESPECTS THE RIGHTS OF SHAREHOLDERS</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Yes	The Company has established a website on which it maintains information in relation to corporate governance, directors and senior executives, Board and committee charters, annual reports, ASX announcements and contact details.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with	Yes	The Company has adopted a Shareholder Communications Policy, which establishes principles to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.

	investors.		
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes	The Company encourages shareholders to participate in general meetings of the Company as a means by which feedback can be given to the Company.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes	The Company engages its share registry to manage the majority of communications with shareholders. Shareholders are encouraged to receive correspondence from the Company electronically, thereby facilitating a more effective, efficient and environmentally friendly communication mechanism with shareholders. Shareholders not already receiving information electronically can elect to do so through the share registry, Computershare Investor Services Pty Ltd at <a href="http://www.computershare.com.au">www.computershare.com.au</a> .
<b>7.</b>	<b>RECOGNISE AND MANAGE RISK</b>		
7.1	<p>The Board should establish a risk management committee made up of at least 3 members, a majority of whom are independent directors, and chaired by an independent director.</p> <p>If it does not have a risk committee, the Board should disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	Yes	<p>The Board has not established a separate risk committee. Given the present size of the company, the Board has decided that the full Board can adequately discharge the functions of a risk committee for the time being. The re-constituted Board will establish a Risk Committee when the size and complexity of the Company's operations and management warrant it.</p> <p>In the meantime, the Company's Audit and Risk Committee Charter includes principles to guide the Board's oversight of the Company's risk function.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	Yes	<p>The risk profile of the Company is currently undergoing a substantial change, with the strategic emphasis of the Company shifting from mining to biotechnology. As part of the strategic transition, the identification and management of risk has been continually at the forefront of the Company's recent activities. The material risks associated with the proposed future operations of the Company are discussed fully in Sections 2.7 and 5 of this Prospectus.</p> <p>Moving forward, in accordance with the Audit and Risk Committee Charter, the Board will review the Company's risk management framework on an annual basis and will disclose in its annual report or elsewhere as appropriate whether such review has taken place.</p>
7.3	A listed entity should disclose:	Yes	Given the present size of the company, the Board has decided that a formal internal audit

	<p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>		<p>function is not required for the time being.</p> <p>The risk management functions employed by the Board are summarised above.</p>
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes	The Company has disclosed all material risks facing the Company in Sections 2.7 and 5 of this Prospectus, including exposure to economic, environmental and social sustainability risks. The Company will continue to disclose these material risks in the future in its annual report or elsewhere as appropriate.
<b>8.</b>	<b>REMUNERATE FAIRLY AND RESPONSIBLY</b>		
8.1	<p>The board should establish a remuneration committee which has at least three members, a majority of whom are independent and which is chaired by an independent director.</p> <p>If it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive</p>	Yes	<p>The Board has not established a separate remuneration committee. Given the present size of the company, the Board has decided that the full Board can adequately discharge the functions of a remuneration committee for the time being.</p> <p>The re-constituted Board will establish a Remuneration Committee when the size and complexity of the Company's operations and management warrant it.</p> <p>In the meantime, the Board has adopted a Remuneration and Nomination Committee Charter, which includes principles for setting and reviewing the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive. Until such time as the Remuneration Committee is established, the functions of this committee will continue to be carried out by the full Board.</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes	<p>Each director and senior executive has entered a separate employment or consultancy agreement with the Company, and this will also occur in respect of the Proposed Directors.</p> <p>The remuneration of directors and senior executives is generally reviewed annually. As discussed under Recommendation 8.1 above, a Nomination and Remuneration Committee Charter is in place, and it is anticipated that the re-constituted Board (in its capacity as the Remuneration Committee) will consider its approach to remuneration in due course once execution of the Company's proposed strategic objectives is underway.</p>

8.3	<p>A listed entity which has an equity- based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	N/A	<p>The use of derivatives or other hedging arrangements for unvested securities of the company or vested securities of the company which are subject to escrow arrangements is prohibited. Where a director or other senior executive uses derivatives or other hedging arrangements over vested securities of the Company, this will be disclosed.</p>
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