
ZELIRA THERAPEUTICS LIMITED

ACN 103 782 378

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 9.00 am (WST)

DATE: 21 July 2020

PLACE: Blackwall Legal Boardroom
Level 26, 140 St Georges Terrace
Perth WA 6000

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 9.00 am (WST) on 19 July 2020

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – ADOPTION OF US EMPLOYEE SHARE OPTION PLAN

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

"That, pursuant to and in accordance with ASX Listing Rule 7.2 (Exception 13(b)) and for all other purposes, Shareholders approve the US Employee Share Option Plan (US ESOP) and the issue of Options and the issue of the underlying Shares upon exercise of such Options on the terms and conditions in the Explanatory Statement."

Voting Exclusion Statement:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is eligible to participate in the employee incentive scheme or an associate of that person (or those persons).

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

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

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

2. RESOLUTION 2 – APPROVAL FOR THE ISSUE OF OPTIONS TO DR OLUDARE ODUMOSU

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 25,000,000 Options to Dr Oludare Odumosu (or his nominee) on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Dr Oludare Odumosu (and his nominees) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit

solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

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

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

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel

3. **RESOLUTION 3 – APPROVAL FOR THE INCREASE IN NON-EXECUTIVE DIRECTOR REMUNERATION**

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

"That, for the purposes of clause 12.8 of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve an increase of the total aggregate amount of fees payable to non-executive Directors from \$300,000 per annum to \$750,000 per annum in accordance with the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a Director or an associate of that person or those persons. However, this does not apply to a vote cast in favour of a Resolution by:

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

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or

- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

4. RESOLUTION 4 – RATIFICATION OF SHARE PLACEMENT TO SOPHISTICATED INVESTORS

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

"That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 91,855,182 Shares by way of private placement to sophisticated and professional investors as set out in the accompanying Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or an associate of that person.

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

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

5. RESOLUTION 5 – APPROVAL FOR ISSUE OF SECURITIES TO DR RICHARD HOPKINS

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

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the company to issue 1,000,000 Shares to Dr Richard Hopkins, a director, (or his nominee) set out in the accompanying Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast in favour of this Resolution by or on behalf of Dr Richard Hopkins (or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company), or any associates of that person or those persons.

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

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (i) the beneficiary provides written communication to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated: 17 June 2020

By order of the Board

**Tim Slate
Company Secretary**

Notice

Notice is hereby given that the General Meeting of Shareholders of Zelira Therapeutics Limited (**Company**) will be held at Blackwall Legal Boardroom, Level 26, 140 St Georges Terrace, Perth, Western Australia on Tuesday, 21 July 2020 at 9.00 am (WST) (**Meeting**).

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

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

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

Shareholders are encouraged to lodge proxy forms by no later than 9.00am (WST) 19 July 2020. Lodgement instructions (which include the ability to lodge proxies electronically) are set out in the Notice of Meeting.

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

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on, 19 July 2020 at 5.00pm (WST).

Voting in person

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

Voting by proxy

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

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

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

Shareholders and their proxies should be aware that :

- if proxy holders vote, they must cast all directed proxies as directed; and

- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

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

EXPLANATORY STATEMENT

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

1. RESOLUTION 1 – ADOPTION OF US EMPLOYEE SHARE OPTION PLAN

1.1 General

Resolution 1 seeks Shareholder approval for the adoption of the employee incentive scheme titled “US ESOP” (**US ESOP**) and for the issue of Options under the US ESOP and the underlying Shares upon exercise of such Options in accordance with ASX Listing Rule 7.2 (Exception 13(b)).

The objective of the US ESOP is to attract, motivate and retain key United States-based employees and the Company considers that the adoption of the US ESOP and the future issue of Options under the US ESOP will provide those selected US-based employees with the opportunity to participate in the future growth of the Company.

1.2 Background

At the Company's general meeting held on 25 July 2016, Shareholders adopted the employee incentive scheme known as the “Zelda Therapeutics Limited Employee Share Option Plan” (the **Zelda ESOP**). Approval for the Zelda ESOP was received again at the Company's 2019 Annual General Meeting on 28 November 2019.

The purpose of the Zelda ESOP was to:

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

As announced on 9 October 2019, the Company has executed a Membership Interest Purchase Agreement (**MIPA**) with Ilera Therapeutics LLC, a privately held medicinal cannabis and cannabinoid science company based in the United States. The various conditions precedent of the MIPA were satisfied or waived on or before 2 December 2019.

Accordingly, having regard to the industry and jurisdictions in which the Company now operates, the Company would like to implement a similar incentive scheme to the Zelda ESOP, applicable to directors, employees and contractors who reside in the United States.

Shareholders should note that the US ESOP is a separate and new employee incentive scheme to the Zelda ESOP, and is unrelated to that plan.

The Directors consider that implementation of the US ESOP is an appropriate method to:

- (a) reward eligible Directors, employees and contractors who reside in the United States for their past performance;
 - (b) provide long term incentives for participation in the Company's future growth for those United States based Directors, employees and contractors;
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- (c) motivate eligible Directors, employees and contractors in the United States and generate loyalty of such Directors, employees and contractors in the United States; and
- (d) assist to retain the services of valuable eligible Directors, employees and contractors in the United States.

Accordingly, in accordance with Listing Rule 7.2 exception 13(b), the Company seeks shareholder approval to adopt and implement the US ESOP.

A summary of the key terms of the US ESOP are contained in Schedule 1.

1.3 ASX Listing Rule 7.1 and ASX Listing Rule 7.2 (Exception 13(b))

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

ASX Listing Rule 7.2 (Exception 13(b)) provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme if, within three (3) years before the date of issue of the securities, the holders of the entity's ordinary securities have approved the issue of equity securities under the scheme as exception to Listing Rule 7.1.

Exception 13(b) is only available if and to the extent that the number of equity securities issued under the scheme does not exceed the maximum number set out in the entity's notice of meeting dispatched to shareholders in respect of the meeting at which shareholder approval was obtained pursuant to Listing Rule 7.2 (Exception 13(b)). Exception 13(b) also ceases to be available if there is a material change to the terms of the scheme from those set out in the notice of meeting.

If Resolution 1 is passed, the Company will be able to issue Options under the US ESOP to eligible participants over a period of three (3) years. The issue of any Options to eligible participants under the US ESOP (up to the maximum number of Options stated in Section 1.4(c) below) will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

For the avoidance of doubt, the Company must seek Shareholder approval under Listing Rule 10.14 in respect of any future issues of Options under the US ESOP to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained.

If Resolution 1 is not passed, the Company will be able to proceed with the issue of Options under the US ESOP to eligible participants, but any issues of Options will reduce, to that extent, the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the issue of the Options, other than to any directors or related parties (who are eligible participants) for which separate shareholder approval would be needed.

1.4 Technical information required by Listing Rule 7.2 (Exception 13)

Pursuant to and in accordance with Listing Rule 7.2 (Exception 13), the following information is provided in relation to Resolution 1 and the US ESOP:

- (a) a summary of the key terms and conditions of the US ESOP is set out in Schedule 1;
- (b) the Company has not issued any Options under the US ESOP as this is the first time that Shareholder approval is being sought for the adoption of the US ESOP;

- (c) the maximum number of Securities proposed to be issued under the US ESOP, following Shareholder approval, is 48,626,420 being equal to 5% of the number of Securities on issue on the date of this Notice, subject to any applicable law, including the Corporations Act and the ASX Listing Rules. It is not envisaged that the maximum number of Options for which approval is sought will be issued immediately; and
- (d) a voting exclusion statement is included in Resolution 1 of this Notice.

1.5 Directors recommendation

The Board recommend that Shareholders vote in favour of Resolution 1.

2. RESOLUTION 2 – APPROVAL FOR THE ISSUE OF OPTIONS TO DR OLUDARE ODUMOSU

2.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 25,000,000 Related Party Options to the Company's Chief Executive Officer and Managing Director, USA, Dr Oludare Odumosu (or his nominee) in consideration for his services to the Company, which include but are not limited to, managing the Company's United States business, implementing strategic and tactical plans and managing operational functions to achieve the Company's goals and outcomes.

Dr Odumosu has agreed employment terms with the Company following his appointment on 28 November 2019. The material terms of Dr Odumosu's engagement by the Company are as follows:

- (a) **Position:** Chief Executive Officer and Managing Director, USA;
- (b) **Duties:** as assigned by the Board, and include but are not limited to, managing the Company's United States business, implementing strategic and tactical plans and managing operational functions to achieve the Company's goals and outcomes;
- (c) **Base salary:** USD\$150,000 per year;
- (d) **Bonus:** payable on achievement of revenue performance targets, to a maximum bonus of 30% of base salary;
- (e) **Equity:** Dr Odumosu is eligible, subject to Board and Shareholder approval, to receive the Options the subject of Resolution 2; and
- (f) **At-will employment:** Dr Odumosu's engagement by the Company is 'at-will.' Either the Company or Dr Odumosu may terminate the engagement at any time without cause or notice

The Related Party Options to be issued to Dr Odumosu are issued on the terms and conditions set out below and in Schedule 2 of this Notice.

Resolution 2 seeks Shareholder approval for the grant of the Related Party Options to Dr Oludare Odumosu (or his nominee).

2.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Related Party Options constitutes giving a financial benefit and Dr Odumosu is a related party of the Company by virtue of being a Director.

The Directors (other than Dr Odumosu who has a material personal interest in Resolution 2) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Options because the agreement to grant the Related Party Options, reached as part of the remuneration package for Dr Odumosu, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

2.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained, unless one of the exceptions in ASX Listing Rule 10.12 applies, where an entity issues, or agrees to issue, securities to:

- (a) 10.11.1 - a related party;
- (b) 10.11.2 - a person who is, or was at any time in the 6 months before the issue, a substantial (30%) holder in the Company;
- (c) 10.11.3 - a person who is, or was at any time in the 6 months before the issue, a substantial (10%) holder in the Company and who has nominated a director to the board of the Company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) 10.11.4 - an associate of a person referred to in ASX Listing Rules 10.11.1 to 10.11.3; or
- (e) 10.11.5 - a person whose relationship with the Company or a person referred to in ASX Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue should be approved by its shareholders.

As the grant of the Related Party Options falls within ASX Listing Rule 10.11.1 and involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

Resolution 2 seeks the required Shareholder approval for the grant of the Related Party Options under and for the purposes of ASX Listing Rule 10.11.

2.4 Technical information required by Listing Rule 14.1A

If Resolution 2 is passed, the Company will be able to grant the Related Party Options to Dr Odumosu during the month following the Meeting (or longer period if allowed by the ASX).

If Resolution 2 is not passed, the Company may be required to re-negotiate the remuneration arrangements with Mr Odumosu, which may require additional cash payments and affect the Company's available cash position.

2.5 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in respect of Resolution 2:

- (a) the Related Party to whom the Related Party Options are to be issued under this Resolution is Dr Oludare Odumosu (or his nominee);
- (b) Mr Odumosu is a related party of the Company by virtue of being a Director
- (c) a maximum of 25,000,000 Related Party Options will be issued to Dr Odumosu (or his nominee) in the following allotments:
 - (i) 5,000,000 Related Party Options, exercisable at the greater of fair market value or \$0.10 each and expiring on the date that is three years from the date of issue;
 - (ii) 5,000,000 Related Party Options exercisable at the greater of fair market value or \$0.15 each and expiring on the date that is three years from the date of issue;
 - (iii) 5,000,000 Related Party Options exercisable at the greater of fair market value or \$0.20 each and expiring on the date that is three years from the date of issue;
 - (iv) 5,000,000 Related Party Options exercisable at the greater of fair market value or \$0.28 each and expiring on the date that is three years from the date of issue; and
 - (v) 5,000,000 Related Party Options exercisable at the greater of fair market value or \$0.30 each and expiring on the date that is three years from the date of issue.
- (d) The Related Party Options will be granted no later than 1 month after the date of the Meeting (or such later date permitted by any modification of the ASX Listing Rules) and it is intended to issue all of the Related Party Options on the same date;
- (e) the Related Party Options to be issued will be issued for nil cash consideration as they constitute a fee for services provided which include but are not limited to, managing the United States business of the Company, including implementing strategic and tactical plans and managing operational functions to achieve the Company's goals and outcomes;
- (f) the terms and conditions of the Related Party Options are set out in Schedule 2; and
- (g) no funds will be raised by the issue of the Related Party Options; however, if all of the Related Party Options to be issued to Dr Odumosu are exercised, the Company will receive \$5,150,000, being 25,000,000 multiplied by the relevant exercise price of the Options.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Options to Dr Odumosu (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

2.6 Board recommendation

The Board (other than Dr Odumosu) recommend that Shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 – APPROVAL FOR THE INCREASE IN NON-EXECUTIVE DIRECTOR REMUNERATION

3.1 General

Listing Rule 10.17 provides that an entity must not increase the total aggregate amount of directors' fees payable to its non-executive directors without the approval of holders of its ordinary securities.

Directors' fees include all fees payable by the entity or any of its child entities to a non-executive director for acting as a director of the entity or any of its child entities (including attending and participating in any board committee meetings), superannuation contributions for the benefit of a non-executive director and any fees which a non-executive director agrees to sacrifice for other benefits. It does not include reimbursement of genuine out of pocket expenses, genuine "special exertion" fees paid in accordance with an entity's constitution, or securities issued to a non-executive director under Listing Rules 10.11 or 10.14 with the approval of the holders of its ordinary securities.

Clauses 12.8(a) 12.8(b) of the Constitution also provide that total aggregate remuneration payable to the non-executive Directors will not exceed the sum from time to time determined by the Company in general meeting.

3.2 Review of non-executive Director fee structure

The maximum aggregate amount of fees payable to the non-executive Directors is currently set at \$300,000.

The Company reviewed its non-executive fee structure in February 2020 and made changes that will take place from April 2020. The changes were determined having regard to changed responsibilities of directors across both Australia and the US, and the deployment of the Company's disruptive '*launch, learn and develop*' model. The proposed new maximum takes into account these changes, and includes a fee buffer of around \$450,000. The Board has always maintained a fee buffer to give it flexibility in planning its structure in advance of specific needs arising.

Resolution 3 seeks Shareholder approval for the purposes of clause 12.8(a) of the Constitution and ASX Listing Rule 10.17 to increase the total aggregate amount of fees payable to non-executive Directors to \$750,000.

The maximum aggregate amount of fees proposed to be paid to non-executive Directors per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

3.3 Previous issues to Non-Executive Directors

The details of any securities issued to a non-executive director under Listing Rules 10.11 or 10.14 at any time within the preceding 3 years is as follows:

Director	Performance rights	Details
Harry	6,250,000 Class A	As approved by shareholders at the 2019 Annual General Meeting. The terms and conditions of the Performance

Karelis		Rights are details in Schedules 4 and 6 of the Notice of Annual General Meeting dated 25 October 2019.
Harry Karelis	6,250,000 Class B	As approved by shareholders at the 2019 Annual General Meeting. The terms and conditions of the Performance Rights are details in Schedules 5 and 6 of the Notice of Annual General Meeting dated 25 October 2019.
Jason Peterson	6,250,000 Class A	As approved by shareholders at the 2019 Annual General Meeting. The terms and conditions of the Performance Rights are details in Schedules 4 and 6 of the Notice of Annual General Meeting dated 25 October 2019.
Jason Peterson	6,250,000 Class B	As approved by shareholders at the 2019 Annual General Meeting. The terms and conditions of the Performance Rights are details in Schedule 5 and 6 of the Notice of Annual General Meeting dated 25 October 2019.

3.4 Technical information required by ASX Listing Rule 10.17

If Resolution 3 is passed, the maximum aggregate amount of fees payable to the non-executive Directors will increase by \$450,000 to \$750,000. Whilst it is not envisaged that the maximum amount sought will be utilised immediately, the increase to maximum aggregate amount of fees payable may enable the Company to:

- (a) fairly remunerate both existing and any new non-executive directors joining the Board;
- (b) remunerate its non-executive Directors appropriately for the expectations placed upon them both by the Company and the regulatory environment in which it operates; and
- (c) have the ability to attract and retain non-executive directors whose skills and qualifications are appropriate for a company of the size and nature of the Company.

If Resolution 3 is not passed, the maximum aggregate amount of fees payable to non-executive Directors will remain at \$300,000. This may inhibit the ability of the Company to remunerate, attract and retain appropriately skilled non-executive directors.

A voting exclusion statement is included in Resolution 3 of this Notice.

3.5 Board Recommendation

Given the interest of the non-executive Directors in this Resolution, the Board makes no recommendation to Shareholders regarding this Resolution.

4. RESOLUTION 4 – RATIFICATION OF SHARE PLACEMENT TO SOPHISTICATED INVESTORS

4.1 General

On 19 February 2020, the Company issued 91,855,182 Shares (**Placement Shares**) in a share placement to sophisticated and professional investors (**Placement**). The Placement raised a total of \$4,592,759 (before costs) and was completed in accordance with the Company's 15% capacity under Listing Rule 7.1.

The Company engaged the services of CPS Capital Group Pty Ltd ACN 088 055 636 (**CPS**), (AFSL 294848), to manage the Placement. The Company has paid CPS a management fee of \$275,566 (being 6% of the amount raised under the Placement).

Resolution 4 seeks ratification by Shareholders for the issue of 91,855,182 Placement Shares.

4.2 ASX Listing Rules 7.1 and 7.1A.

As summarised in Section 1.3 above, and subject to a number of exceptions, ASX Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that 12 month period.

The issue of the Placement Shares does not fit within any of the exceptions set out in ASX Listing Rule 7.2 and, as it has not yet been approved by Shareholders, it uses up part of the 15% limit in ASX Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the date of issue of the Placement Shares .

4.3 ASX Listing Rule 7.4

ASX Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under ASX Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

If Resolution 4 is passed, the Placement Shares will be excluded in calculating the Company's combined 25% limit in Listing Rules 7.1 and 7.1A, effectively increasing the number of equity securities the Company can issue with Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

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

4.4 Technical information required by ASX Listing Rule 7.5

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

- (i) the Placement Shares were issued to professional and sophisticated investors who are clients of CPS. The recipients were identified through a bookbuild process involving CPS seeking expressions of interest to participate in the capital raising from non-related parties of the Company. None of the recipients are related parties of the Company.
- (ii) 91,855,182 Placement Shares were issued and the Placement Shares were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (iii) the Placement Shares were issued on 19 February 2019;
- (iv) the issue price was \$0.05 per Placement Share. The Company has not and will not receive any other consideration for the issue of the Placement Shares;
- (v) the purpose of the issue of the Placement Shares was to raise \$4,592,759 (before costs), which is being applied towards accelerating the Company's plans to launch multiple products into global markets in 2020 and to advance its clinical programmes, including its Insomnia and Opioid Sparing trials; and
- (vi) a voting exclusion statement is included in Resolution 4 of this Notice.

4.5 Board Recommendation

The Board recommends Shareholders vote in favour of Resolution 4 as it allows the Company to retain the flexibility to issue further securities representing up to a combined 25% of the Company's share capital during the next 12 months without the requirement to obtain prior Shareholder approval.

5. RESOLUTION 5 – APPROVAL FOR ISSUE OF SECURITIES TO DR RICHARD HOPKINS

5.1 General

As set out in Section 4.1 above, the Company conducted a Placement in February 2020. As announced on 5 February 2020, Dr Richard Hopkins (a director) has agreed to subscribe for 1,000,000 Placement Shares on the same terms as unrelated participants in the Placement, subject to Shareholder approval (**Hopkins Shares**).

5.2 Chapter 2E of the Corporations Act

A summary of Chapter 2E of the Corporations Act is set out in Section 2.2 above.

The issue of the Hopkins Shares constitutes giving a financial benefit and Dr Hopkins is a related party of the Company by virtue of being Directors.

The Directors (other than Dr Hopkins) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Hopkins Shares will be issued to Dr Hopkins (or his nominees) on the same terms as the Placement Shares issued to unrelated participants in the Placement and as such the giving of the financial benefit to Dr Hopkins is on arm's length terms.

5.3 ASX Listing Rule 10.11

A summary of ASX Listing Rule 10.11 is set out in Section 2.3 above.

The issue of the Hopkins Shares falls within ASX Listing Rule 10.11.1 and does not fall within any of the exceptions in ASX Listing Rule 10.12. It therefore requires the approval of the Company's Shareholders under ASX Listing Rule 10.11.

Resolution 5 seeks the required Shareholder approval for the issue of the Hopkins Shares under and for the purposes of ASX Listing Rule 10.11.

5.4 Technical information required by Listing Rule 14.1A

If Resolution 5 is passed, Dr Hopkins will be able to participate in the Placement and the Company will be able to proceed with the issue of the Hopkins Shares.

If Resolution 5 is not passed, Dr Hopkins will not be able to participate in the Placement and the Company will not be able to proceed with the issue of the Hopkins Shares, and the Placement will be restricted to those Placement Shares described in Section 4.1.

5.5 Technical Information required by ASX Listing Rule 10.11

Pursuant to Listing Rule 10.13, the following information is provided in respect of Resolution 5:

- (a) the Hopkins Shares are to be issued under this resolution will be issued to Dr Richard Hopkins (or his nominee);
- (b) Dr Hopkins is a related party of the Company by virtue of being a Director;
- (c) the maximum number of Hopkins Shares to be issued is 1,000,000 Shares;
- (d) the Hopkins Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Shares will be issued on the same date;
- (e) the Hopkins Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Shares will be issued at \$0.05 per Share. The Company will not receive any other consideration for the issue of the Hopkins Shares;
- (g) funds raised by the issue of the Hopkins Shares will be used to accelerate the Company's plans to launch multiple products into global markets in 2020, and to advance its clinical programmes, including its Insomnia and Opioid sparing trials.
- (h) the Hopkins Shares to be issued are not intended to remunerate or incentivise Dr Hopkins;
- (i) the Hopkins Shares will not be issued under an agreement; and
- (j) a voting exclusion statement is included in Resolution 5 of this Notice.

5.6 Board recommendation

The Board (other than Dr Richard Hopkins) recommend that Shareholders vote in favour of Resolution 5.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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

Chair means the chair of the Meeting.

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

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

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

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Meeting means the meeting convened by the Notice.

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

Option means an option to acquire a Share.

Optionholder means a holder of an Option or Related Party Option as the context requires.

Proxy Form means the proxy form accompanying the Notice.

Related Party Option means an Option granted pursuant to Resolution 2 with the terms and conditions set out in Schedule 2.

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

Section means a section of the Explanatory Statement.

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

Shareholder means a registered holder of a Share.

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

SCHEDULE 1 – SUMMARY TERMS OF THE US ESOP

1.1 Summary of US Employee Option Plan

The material terms and conditions of the US ESOP are set out below:

- (a) **Administration:** the Board will administer the US ESOP and has full power to determine who is eligible to participate, when and how securities are awarded under the US ESOP and the terms and conditions attaching to any securities so awarded.
- (b) **Limits:** the Company must
 - (i) limit the aggregate maximum number of Shares that may be issued under the US ESOP or pursuant to the exercise of Options to such number of Shares as may be permitted by applicable law, including the ASX Listing Rules; and
 - (ii) apply all applicable limits to the exercise of options and exercise price of options generally as required by United States law and as set out in the US ESOP.
- (c) **Eligibility:** any person employed by the Company, Directors of and consultants to the Company who are either United States residents or United States taxpayers are eligible to receive awards of securities under the US ESOP.
- (d) **Terms and Conditions:** securities issued under the US ESOP shall have the specific terms and conditions as set by the Board, and the terms and conditions applying to different issues under the US ESOP Need not be identical.
- (e) **Term:** no securities issued under the US ESOP shall be exercisable after the expiration of ten (10) years from the date of grant or such shorter period specified by the Board.
- (f) **Exercise Price:** the exercise price of securities issued under the US ESOP will not be less than 100% of the closing price of the Company's Shares on the ASX on the date of their issue.
- (g) **Exercise Procedure:** to exercise any security issued under the US ESOP, a participant must provide notice of exercise in accordance with the procedures specified in the agreement granting the security to the participant. A participant may not exercise any security issued under the US ESOP at any time the issuance of Shares upon such exercise would violate applicable law
- (h) **Transferability:** the Board may impose such limitations on the transferability of securities issued under the US ESOP as it determines. Specifically, securities issued under the US ESOP:
 - (i) may not be transferred to third party financial institutions for value; and
 - (ii) may be transferred:
 - (A) by will or by the laws of descent and distribution; and

- (B) (subject to applicable taxation laws) upon the participant's request where there is no change to the beneficial owner.
- (i) **Vesting Conditions:** The Board may in its absolute discretion impose such restrictions on or conditions to the vesting and/or exercisability of securities issued under the US ESOP as it sees fit. Vesting of US ESOP securities will cease upon termination of the participant's applicable service with the Company.
- (j) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Option are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (k) **Change of Control:** in the event of a transaction where all or substantially all of the consolidated assets of the Company and its Subsidiaries are sold, or at least 50% of the issued Shares of the Company or a similar merger occurs, the Board has sole and complete discretion to determine to accelerate the vesting and exercisability of all or any securities issued under the US ESOP (unless otherwise provided in the agreement between a participant and the Company).
- (l) **No Participation Rights:** There are no participating rights or entitlements inherent in securities issued under the US ESOP and participants will not be entitled to participate in new issues of capital offered to Shareholders unless (i) such participant has satisfied all requirements for exercise of the security, and (ii) Shares have been issued subject to such exercise which are reflected in the records of the Company.
- (m) **Amendments:** Subject to express restrictions set out in the Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may at any time by resolution amend or add to all or any of the provisions of the US ESOP, or the terms or conditions of any security granted under it.

SCHEDULE 2 – TERMS OF THE OPTION INCENTIVE PACKAGE

- (a) Dr Odumosu or his nominee may be issued, subject to Shareholder approval, up to 25,000,000 Related Party Options comprising:
- (i) 5,000,000 Related Party Options with an exercise price of \$0.10;
 - (ii) 5,000,000 Related Party Options with an exercise price of \$0.15;
 - (iii) 5,000,000 Related Party Options with an exercise price of \$0.20;
 - (iv) 5,000,000 Related Party Options with an exercise price of \$0.28; and
 - (v) 5,000,000 Related Party Options with an exercise price of \$0.30.
- (b) The Related Party Options will expire on the date that is three (3) years from the date of issue (**Expiry Date**). The Related Party Options may be exercised at any time after the satisfaction of the relevant vesting conditions and prior to the Expiry Date.
- (c) Exercise of the Related Party Options will be subject to the satisfaction of the following vesting conditions:
- (i) the Options in (i) above will vest and be capable of exercise immediately;
 - (ii) the Options in (ii) and (iii) above will vest and be capable of exercise on 2 December 2020; and
 - (iii) the Options in (iv) and (v) above will vest and be capable of exercise on 2 December 2021.
- (d) The Related Party Options may be exercised by notice in writing to the Company in the manner specified on the Related Party Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Related Party Options being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company. A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Related Party Options being exercised in cleared funds (**Exercise Date**).
- (e) Within 15 Business Days after the Exercise Date, the Company will:
- (i) issue the number of Shares required under these terms and conditions in respect of the number of Related Party Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Related Party Options.

If a notice delivered under (f)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things

necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

- (f) Shares issued on exercise of the Related Party Options rank equally with the then issued shares of the Company.
- (g) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (h) There are no participation rights or entitlements inherent in the Related Party Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Related Party Options without exercising the Related Party Options.
- (i) A Related Party Options does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Related Party Options can be exercised.
- (j) The Related Party Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.