



9 December 2015

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

**GLENEAGLE TO ACQUIRE
PHASE 2 READY MEDICINAL CANNABIS GROUP
ZELDA THERAPEUTICS PTY LTD**

- **Gleneagle has entered into an agreement in relation to 100% of the issued capital of Zelda Therapeutics Pty Ltd (“Zelda”)**
- **Zelda has been established to focus on funding clinical trials incorporating medicinal cannabis formulations and protocols developed over the past few years by California-based group *Aunt Zelda’s* in treating >500 patients**
- **A pipeline of Phase 2 ready clinical trials provides multiple “shots on goal” and helps de-risk the opportunity**
- **Deal terms provide significant potential for future value creation**
- **Will result in Gleneagle becoming one of only a small number of groups globally focused on clinical validation of medicinal cannabis**
- **Best proxy is UK-based GW Pharmaceuticals that has one approved product and enjoys a market capitalisation of >A\$2 billion**

Gleneagle Gold Limited (**Gleneagle**) is pleased to announce it has entered into a binding heads of agreement (**Heads of Agreement**) in relation to the acquisition of all of the shares in unlisted Australian company Zelda Therapeutics Pty Ltd (**Zelda**) (**Proposed Acquisition**). The key terms of the Proposed Acquisition are set out in Annexure A.

Overview of Zelda

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

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

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

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These trials will initially be expected to focus on a series of skin-based conditions such as eczema, acne and post-burn itch.

In addition, Zelda has partnered with the world's leading cancer cannabis researchers at Complutense University Madrid in Spain to conduct certain pre-clinical work testing cannabis-based formulations known to have an effect in humans in order to generate data packs in a form expected by regulators and the pharmaceutical industry. These activities will initially focus on glioblastoma and breast cancer.

Zelda has several other initiatives underway to partner with key opinion leaders in several areas of relevance to the data it has access to.

Zelda brings with it a Board comprising seasoned executives based in Australia, the USA and Canada with highly relevant skill-sets as well as a very high calibre group of scientific advisors.

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

"We are focused solely on converting the significant anecdotal data generated by Aunt Zelda's into data in a form expected by the regulators and generating novel intellectual property. Success in this pursuit will result in material valuation uplifts for investors." stated Zelda's Chairman Mr. Harry Karelis.

"We are excited to have been able to secure this relatively unique opportunity for GLN shareholders. The commercial terms compare extremely favourably to valuations of other Phase 2 ready companies and the valuation of industry heavyweight GW Pharmaceuticals plc shows what can be achieved through clinical success in this exciting new field of medicine." said Gleneagle Chairman Mr Wayne Loxton.

More information can be found at www.zeldatherapeutics.com

New Board and Management Team

Upon completion of the Proposed Acquisition, the current Gleneagle directors will resign from the Board and the following persons will be appointed:

- (a) Harry Karelis – Executive Chairman
- (b) Jason Peterson – Non-executive Director
- (c) Stewart Washer – Non-executive Director
- (d) Mara Gordon – Non-executive Director

Change of Name

Following completion of the transaction, the Company will change its name to "Zelda Therapeutics Limited".

Escrow

The Shares issued to Zelda shareholders will be subject to any applicable escrow restrictions in accordance with the ASX Listing Rules.

Re-compliance with ASX Listing Rules Chapters 1 and 2

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

Consolidation

In order to re-comply with the ASX Listing Rules, Gleneagle intends, subject to shareholder approval, to undertake a consolidation of its issued capital with a view to Shares being valued at a price to satisfy re-compliance with the ASX Listing Rules. Any Shares to be issued to Zelda shareholders, as specified in Annexure A, will be consolidated at the same ratio.

Capital Raising

To enable Gleneagle to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to support its growth strategy post-completion of the Proposed Acquisition, Gleneagle plans, subject to shareholder approval, to conduct a capital raising under a full form prospectus to raise at least A\$3 million or such other minimum amount as required to satisfy re-compliance with Chapters 1 and 2 of the ASX Listing Rules. CPS Capital has been mandated to manage this capital raising.

Shareholder approvals

A notice of meeting seeking shareholder approval for the resolutions required to give effect to the Proposed Acquisition will be sent to Gleneagle shareholders in due course. It is expected that Gleneagle will convene a meeting to facilitate shareholder approval in February 2016.

On the date of the meeting, Gleneagle securities will be suspended and, subject to Gleneagle shareholder approval being obtained, will remain suspended until Gleneagle has re-complied with Chapters 1 and 2 of the ASX Listing Rules and the Proposed Acquisition has completed.

Pro Forma Share Capital Structure

The indicative share capital structure of Gleneagle post-acquisition of Zelda (on a pre-consolidated basis, based on the current Zelda securities on issue and before the proposed capital raising) will be as follows:

Shares	Number	Percentage interest
Shares currently on issue	603,138,361	26.4%
Shares to be issued to Zelda shareholders	1,600,000,000	70.1%
Shares to be issued in consideration for professional services to be provided to Gleneagle in connection with the Proposed Acquisition	80,000,000	3.5%
Total Shares upon completion of the Proposed Acquisition	2,283,138,361	100.0%

As the consolidated ratio has not been finalised at this stage, the number of Shares as stated above will change in line with the consolidation ratio.

In addition to the above, a total of 200 million options will be issued to advisors and existing Gleneagle officers as part of the transaction. In the event of a consolidation of the share capital, the number of options will be consolidated on the same basis.

Zelda may issue convertible notes to raise funds for working capital purposes prior to completion of the Proposed Acquisition. If the Proposed Acquisition proceeds, these convertible notes will convert into Shares. As the quantum of this capital raising has not been

finalised, the number of Shares to be issued upon conversion has not been included in the above table.

Indicative Timetable

An indicative timetable for completion of the Proposed Acquisition is set out below:

Event	Date
Announce Transaction	9 December 2015
Commence preparation of Notice of Meeting and Prospectus	9 December 2015
Lodge Notice of Meeting with ASX	22 January 2015
Finalise Formal Agreement Dispatch Notice of General Meeting	29 January 2015
Suspension of Gleneagle securities from trading on ASX at opening of trading	29 February 2015
Hold General Meeting	29 February 2015
Lodge Prospectus with ASIC and ASX	1 March 2015
Completion of Proposed Acquisition and issue of Shares	29 March 2015
Gleneagle to re-list as "Zelda Therapeutics Limited"	30 March 2015

Please note that this timetable is indicative only and the directors of Gleneagle reserve the right to amend the timetable as required with the approval of Zelda.

For further information, please contact:

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Zelda Therapeutics Pty Ltd
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Annexure A
Key terms of the Proposed Acquisition

The key terms of the Proposed Acquisition are as follows:

- 1. Conditions Precedent:** Completion of the Proposed Acquisition is subject to and conditional upon a number of conditions precedent, including:
 - (a) satisfaction of all necessary due diligence investigations by the parties;
 - (b) each of the shareholders of Zelda entering into a binding share sale agreement with Gleneagle on terms consistent with the provisions of the Heads of Agreement and otherwise acceptable to Gleneagle;
 - (c) Gleneagle receiving conditional approval by ASX to reinstate its securities and those conditions being satisfied to the reasonable satisfaction of Gleneagle and Zelda;
 - (d) Gleneagle undertaking a capital raising to raise at least \$3 million or such other minimum amount as agreed between the parties provided that such minimum amount will be sufficient to satisfy any conditions imposed by ASX as contemplated under clause (c) above (**Capital Raising**);
 - (e) if required, Gleneagle undertaking a consolidation of its issued share capital; and
 - (f) Gleneagle holding a meeting of Gleneagle shareholders to obtain all approvals under the Corporations Act and the Listing Rules that are required to give effect to the transactions contemplated by the Heads of Agreement.
- 2. Consideration:** Subject to satisfaction of the conditions precedent, at completion, Gleneagle will issue the following securities (on a pre-consolidation basis):
 - (a) 1,600,000,000 Shares at a deemed issue price of A\$0.005 each to Zelda shareholders on a pro rata basis;
 - (b) 80,000,000 Shares and 100,000,000 options to acquire Shares, each exercisable at a price equal to the issue price under the Capital Raising on or before the date that is 5 years after the date of issue (**Options**) in consideration for professional services to be provided to Gleneagle in connection with the Proposed Acquisition; and
 - (c) 100,000,000 Options to the existing Gleneagle officers in consideration for past and future services to be provided to Gleneagle.
- 3. Pre-completion capital raising:** Prior to completion, Zelda may conduct a capital raising by way of an issue of convertible notes for working capital purposes. If the Proposed Acquisition proceeds, the convertible notes will convert into Shares at a 20% discount to the issue price under the Capital Raising.
- 4. Board composition:** At completion of the Proposed Acquisition, Gleneagle will appoint Messrs Harry Karelis, Jason Peterson and Stuart 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.
- 5. Change of name:** Following successful completion of the Proposed Acquisition, Gleneagle will change its name to "Zelda Therapeutics Limited".
- 6. 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.
- 7. Exclusivity:** Until the earlier of termination of the Heads of Agreement or completion of the Proposed Acquisition occurring, neither Zelda nor Gleneagle nor any of their officers or directors, will solicit, offer, or encourage or respond to any proposals from any third party regarding any acquisition of their issued share capital or a competing transaction or alternative investment.
- 8. Formal Documents:** the parties agree to negotiate in good faith formal share sale agreements to be entered into by Gleneagle, Zelda and each of the Zelda shareholders on terms consistent with the Heads of Agreement.

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