

Zelda Therapeutics Limited

(formerly Gleneagle Gold Limited)

ACN 103 782 378

Second Supplementary Prospectus

Important information

This is a second supplementary prospectus (**Second Supplementary Prospectus**) intended to be read with the prospectus dated 11 July 2016 (**Prospectus**) and the supplementary prospectus lodged 11 October 2016 (**First Supplementary Prospectus**) issued by Zelda Therapeutics Limited (formerly Gleneagle Gold Limited) ACN 103 782 378 (**Company**).

This Second Supplementary Prospectus is dated 7 November 2016 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility as to the contents of this Second Supplementary Prospectus.

This Second Supplementary Prospectus should be read together with the First Supplementary Prospectus and the Prospectus. Other than the changes set out in this Second Supplementary Prospectus, all other details in relation to the First Supplementary Prospectus and the Prospectus remain unchanged. To the extent of any inconsistency between this Second Supplementary Prospectus, the First Supplementary Prospectus and the Prospectus, the provisions of this Second Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus and the First Supplementary Prospectus have the same meaning in this Second Supplementary Prospectus.

The Directors believe that the changes in this Second Supplementary Prospectus are not materially adverse from the point of view of an investor. Accordingly, no action needs to be taken if you have already subscribed for Shares under the Prospectus or the First Supplementary Prospectus.

The Company has issued both a printed and electronic version of this Second Supplementary Prospectus, the First Supplementary Prospectus and the Prospectus. Electronic versions may be accessed at www.gleneaglegold.net.au.

This Second Supplementary Prospectus, the First Supplementary Prospectus and the Prospectus are important documents that should be read in their entirety. If you are in any doubt as to the contents of this Second Supplementary Prospectus, the First Supplementary Prospectus or the Prospectus, you should consult your stockbroker, lawyer, accountant or other professional adviser without delay.

1. SECOND SUPPLEMENTARY PROSPECTUS

1.1 Reasons for this Second Supplementary Prospectus

This Second Supplementary Prospectus has been prepared to provide updated disclosure to investors based on an updated Investigating Accountant's Report and additional disclosure in relation to proposed director Mr Harry Karelis.

2. AMENDMENTS TO THE PROSPECTUS

2.1 Investigating Accountant's Report

The Investigating Accountant's Report contained in Section 6 of the Prospectus has been prepared based on the Company's financial position as at 31 December 2015. The Company has decided to amend the Prospectus to include an Investigating Accountant's Report based on the Company's financial position as at 30 June 2016.

Accordingly, the Investigating Accountant's Report contained in Section 6 of the Prospectus is deleted and replaced with the updated Investigating Accountant's Report included as Annexure "A" to this Second Supplementary Prospectus.

In addition, the consequential amendments set out in paragraphs 2.2 to 2.4 of this Second Supplementary Prospectus are required.

This is a Second Supplementary Prospectus intended to be read with the Prospectus dated 11 July 2016 and the First Supplementary Prospectus dated 11 October 2016 issued by Zelda Therapeutics Limited

2.2 Use of Funds

The table in Section 2.10 of the Prospectus (Use of Funds), and all other references in the Prospectus detailing how funds raised from the Public Offer will be apportioned, are replaced with (or amended to reflect) the information set out below:

| Funds available | Minimum Subscription (\$3,000,000) | Percentage of Funds (%) | Maximum Subscription (\$4,000,000) | Percentage of Funds (%) |
|---|------------------------------------|-------------------------|------------------------------------|-------------------------|
| Source of funds | | | | |
| Existing cash reserves ¹ | \$722,064 | 19.40% | \$722,064 | 15.29% |
| Funds raised from the Public Offer | \$3,000,000 | 80.60% | \$4,000,000 | 84.71% |
| Total | \$3,722,064 | 100.00% | \$4,722,064 | 100.00% |
| Allocation of funds | | | | |
| Pre-clinical research and development costs - Spain | \$278,223 | 7.47% | \$415,067 | 8.79% |
| Pre-clinical research and development costs - Australia | \$261,731 | 7.03% | \$395,836 | 8.38% |
| Clinical trial milestone fees | \$453,771 | 12.19% | \$500,000 | 10.59% |
| Clinical trial costs - Canada | \$441,090 | 11.85% | \$538,336 | 11.40% |
| Clinical trial costs – Australia | \$441,091 | 11.85% | \$538,337 | 11.40% |
| General working capital | \$101,538 | 2.73% | \$115,006 | 2.44% |
| Corporate Overheads | \$1,234,103 | 33.16% | \$1,647,964 | 34.90% |
| Costs of the Public Offer | \$510,518 | 13.72% | \$571,518 | 12.10% |
| Total | \$3,722,064 | 100.00% | \$4,722,064 | 100.00% |

Notes:

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

2.4 Interests of Experts and Advisers

Section 9.6 of the Prospectus is amended as follows:

The following paragraph is deleted:

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).

The following paragraph is inserted:

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 \$10,000 (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 \$64,000 in fees from the Company (being \$41,500 for audit services and \$22,500 for other services).

2.4 Consents

Section 9.7 of the Prospectus is amended as follows:

The following paragraph is deleted:

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.

The following paragraph is inserted:

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, the First Supplementary Prospectus or the Second Supplementary Prospectus with the ASIC.

2.5 Harry Karelis

Section 2.18(d) of the Prospectus is amended as follows:

The following paragraph is inserted below the existing paragraph in Section 2.18(d):

The Company discloses that Mr Karelis was a director of XRT Limited ACN (076 348 000) (**XRT**) which was placed in voluntary administration in January 2012 and then creditors' voluntary liquidation on 14 February 2012. XRT was a privately funded technology company involved in high resolution x-ray imaging and due to the inability to raise sufficient follow-on funding as a result of a combination of the global financial crisis and insufficient demand for XRT's products, the Company was placed into voluntary administration by the Directors and eventually deregistered on 22 May 2015. Mr Karelis had the role of Non-Executive Director with XRT.

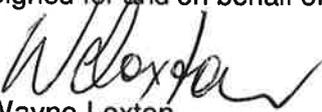
Mr Karelis was also a director of Continara Limited ACN (105 040 793) (**Continara**). Continara was placed in voluntary administration on 7 June 2011. Continara was a medical device company involved in designing, developing, and commercializing treatments for continence care in Australia and due to inability to raise necessary funds to progress clinical trials the Company was placed into voluntary administration and then liquidation by creditors and eventually deregistered on 21 February 2013. Mr Karelis had the role of Non-Executive Director with Continara.

3. DIRECTORS' AUTHORISATION

This Second Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Second Supplementary Prospectus with ASIC and has not withdrawn that consent prior to lodgement.

Signed for and on behalf of the Company on 7 November 2016.


Wayne Loxton
Director

ANNEXURE “A”

UPDATED INVESTIGATING ACCOUNTANT’S REPORT

2 November 2016

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

Dear Sirs

**INVESTIGATING ACCOUNTANT'S REPORT
ZELDA THERAPEUTICS LIMITED (FORMERLY GLENEAGLE GOLD LIMITED)**

Introduction

This Investigating Accountant's Report ("Report") has been prepared for inclusion within a Supplementary Prospectus to be dated on or about 3 November 2016 for the issue by Zelda Therapeutics Limited ("ZLD" 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. Certain references within this Report where indicated refer to the Prospectus issued by the Company on 12 July 2016.

This Report has been prepared to assist potential investors and their financial advisers to make an assessment of the financial position and performance of the Company. 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*

Zelda Therapeutics Limited is an Australian public company listed on the official list of the ASX (ASX code ZLD). The Company was renamed Zelda Therapeutics Limited in October 2016 and was formerly Gleneagle Gold Limited.

ZLD's current business activities involve the identification and evaluation of potential mineral exploration and mining projects. The Company 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 held on 25 July 2016 ("General Meeting"), resolutions giving effect to the following were passed by 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 were 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 30 June 2016 the issued share capital of the Company was 603,138,361 ordinary fully paid shares on a pre-consolidation basis. There have been no share issues by the Company subsequent to 30 June 2016 to the date of this Report. The Company announced on 12 October 2016 it had completed a share consolidation which reduced the issued capital of the Company on a 5:1 basis to 120,627,672 ordinary fully paid shares. 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 30 June 2016 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 30 June 2016 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 the Company 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 30 June 2016 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 30 June 2016, 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 30 June 2016 and the proforma unaudited financial information of Zelda and the Company as at and for the period ended 30 June 2016 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 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 30 June 2016, 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 30 June 2016, 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 30 June 2016:

- (i) 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;
 - (ii) the payment of costs of the issue being an estimated \$510,518 if the minimum amount is raised or \$571,518 if the maximum amount is raised;
 - (iii) 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;
 - (iv) 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;
 - (v) 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.
 - (vi) working capital movements of Zelda subsequent to 30 June 2016 of approximately \$181,000;
 - (vii) 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, other than the following matters, there have been no material items, transactions or events subsequent to 30 June 2016 not otherwise disclosed in the Prospectus or Supplementary Prospectuses 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.

On 20th September 2016, the Company announced that the capital raising referred to in Section 3(b)(i) of this Report had closed oversubscribed with the maximum subscription of \$4m received and the Company will issue 160,000,000 post-consolidation shares to investors subject to the formal readmission process with ASX.

On 12th October 2016, the Company announced that it had lodged a supplementary prospectus with the Australian Securities and Investments Commission which extended the offer period by a minimum of one month.

On 12th October 2016, the Company announced it had undertaken the 5:1 share consolidation as approved by shareholders in the meeting held on 25th July 2016.

On 26th October 2016, the Company announced that the ASX had granted a waiver from Listing Rule 14.7 to the extent necessary to permit the Company to issue securities as approved by shareholders in the general meeting held on 25th July 2016.

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 30 June 2016 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 ZLD as at 30 June 2016 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 30 June 2016, 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 \$10,000).
- 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 ZLD 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

**ZELDA THERAPEUTICS LIMITED (FORMERLY GLENEAGLE GOLD LIMITED)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2016**

| | Notes | Zelda Audited 30/6/16 ⁽ⁱ⁾ \$ | Proforma \$3M Raising ⁽ⁱⁱ⁾ \$ | Proforma \$4M Raising ⁽ⁱⁱ⁾ \$ |
|---|-------|--|---|---|
| Other income | | 250,000 | 250,000 | 250,000 |
| Interest income | | 3,165 | 3,165 | 3,165 |
| Consultancy fees | | (17,946) | (17,946) | (17,946) |
| Legal expenses | | (32,346) | (32,346) | (32,346) |
| Travel and accommodation expenses | | (125,133) | (125,133) | (125,133) |
| Director's fees | | (215,000) | (215,000) | (215,000) |
| Other expenses | | (75,394) | (256,533) | (256,533) |
| Share-based payments | 4,5 | - | (824,162) | (824,162) |
| Interest expense | | (11,774) | (11,774) | (11,774) |
| Listing fee expense on acquisition of Zelda | | - | (3,218,598) | (3,218,598) |
| Loss from ordinary activities | | (224,428) | (4,448,327) | (4,448,327) |
| Income tax expense | | - | - | - |
| Loss from ordinary activities after taxation | | (224,428) | (4,448,327) | (4,448,327) |
| Other comprehensive income | | | | |
| Other comprehensive income | | - | - | - |
| Other comprehensive income, net of tax | | - | - | - |
| Total comprehensive loss | | (224,428) | (4,448,327) | (4,448,327) |

(i) This represents the audited Statement of Comprehensive Income of Zelda for the period ended 30 June 2016.

(ii) The proforma financial information is based on a continuation of the Zelda Statement of Comprehensive Income for the period ended 30 June 2016, 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.

ZELDA THERAPEUTICS LIMITED (FORMERLY GLENEAGLE GOLD LIMITED)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

| | Notes | Zelda Audited 30/6/16 ⁽ⁱ⁾ \$ | Proforma \$3M Raising ⁽ⁱⁱ⁾ \$ | Proforma \$4M Raising ⁽ⁱⁱ⁾ \$ |
|--------------------------------------|-------|--|---|---|
| Current assets | | | | |
| Cash and cash equivalents | 2 | 722,064 | 3,124,611 | 4,063,611 |
| Receivables | | 98,267 | 74,140 | 74,140 |
| Total current assets | | 820,331 | 3,198,751 | 4,137,751 |
| Non-current assets | | | | |
| Total non-current assets | | - | - | - |
| Total assets | | - | - | - |
| Current liabilities | | | | |
| Trade and other payables | | 44,758 | 317,741 | 317,741 |
| Borrowings | 3 | 1,000,000 | - | - |
| Total current liabilities | | 1,044,758 | 317,741 | 317,741 |
| Non-current liabilities | | | | |
| Total non-current liabilities | | - | - | - |
| Total liabilities | | 1,044,758 | 317,741 | 317,741 |
| Net assets | | 224,427 | 2,881,010 | 3,820,010 |
| Equity | | | | |
| Issued capital | 4 | 1 | 6,905,175 | 7,844,175 |
| Share based payments reserve | 5 | - | 424,162 | 424,162 |
| Accumulated losses | | (224,428) | (4,448,327) | (4,448,327) |
| Total equity | | 224,427 | 2,881,010 | 3,820,010 |

(i) This represents the audited Statement of Financial Position of Zelda as at 30 June 2016.

(ii) The proforma financial information is based on a continuation of the Zelda Statement of Financial Position as at 30 June 2016, 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.

ZELDA THERAPEUTICS LIMITED (FORMERLY GLENEAGLE GOLD LIMITED)
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2016

| | Issued capital \$ | Reserves \$ | Accumulated losses \$ | Total \$ |
|---|-------------------------|----------------|-----------------------------|------------------|
| Period ended 30 June 2016 - Zelda Therapeutics Pty Ltd ⁽ⁱ⁾ (audited): | | | | |
| Balance at 30 June 2016 | 1 | - | (224,428) | (224,427) |
| Proforma adjustments: | | | | |
| \$3M raising | | | | |
| Shares issued pursuant to Prospectus | 3,000,000 | - | - | 3,000,000 |
| Share issue costs | (510,518) | - | - | (510,518) |
| Conversion of convertible notes | 1,050,000 | - | - | 1,050,000 |
| Transfer of issue costs to equity | (50,000) | - | - | (50,000) |
| 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 | - | - | (3,218,598) | (3,218,598) |
| Working capital movements subsequent to balance date | - | - | (181,139) | (181,139) |
| Shares issued as part of reverse acquisition, at fair value of ZLD | 3,015,692 | - | - | 3,015,692 |
| \$3M raising Proforma total ⁽ⁱⁱ⁾ | 6,905,175 | 424,162 | (4,448,327) | 2,881,010 |
| Additional \$1,000,000 raising (for a total raising of \$4M) | | | | |
| Additional shares issued pursuant to Prospectus | 1,000,000 | - | - | 1,000,000 |
| Additional share issue costs | (61,000) | - | - | (61,000) |
| \$4M raising Proforma total ⁽ⁱⁱ⁾ | 7,844,175 | 424,162 | (4,448,327) | 3,820,010 |

(i) This represents the audited Statement of Changes in Equity of Zelda as at 30 June 2016.

(ii) The proforma financial information is based on a continuation of the Zelda Statement of Changes in Equity for the period ended 30 June 2016, 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.

**ZELDA THERAPEUTICS LIMITED (FORMERLY GLENEAGLE GOLD LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016**

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

**ZELDA THERAPEUTICS LIMITED (FORMERLY GLENEAGLE GOLD LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016**

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.

**ZELDA THERAPEUTICS LIMITED (FORMERLY GLENEAGLE GOLD LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016**

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.

**ZELDA THERAPEUTICS LIMITED (FORMERLY GLENEAGLE GOLD LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016**

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 the Company as treasury shares until the shares are cancelled or reissued.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016**

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 Zelda Therapeutics 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 Zelda Therapeutics 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,

**ZELDA THERAPEUTICS LIMITED (FORMERLY GLENEAGLE GOLD LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016**

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.

**ZELDA THERAPEUTICS LIMITED (FORMERLY GLENEAGLE GOLD LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016**

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.

**ZELDA THERAPEUTICS LIMITED (FORMERLY GLENEAGLE GOLD LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016**

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 30 June 2016 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:

**ZELDA THERAPEUTICS LIMITED (FORMERLY GLENEAGLE GOLD LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016**

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 30 June 2016, 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 30 June 2016:

- (i) 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;
- (ii) the payment of costs of the issue being an estimated \$510,518 if the minimum amount is raised or \$571,518 if the maximum amount is raised;
- (iii) 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;
- (iv) 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;
- (v) 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;

**GLENEAGLE GOLD LIMITED (TO BE RENAMED ZELDA THERAPEUTICS LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- (viii) working capital movements of Zelda subsequent to 30 June 2016 of approximately \$181,000; and
- (vi) 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

| | Zelda Audited 30/6/16 \$ | Proforma \$3M raising \$ | Proforma \$4M raising \$ |
|---|---|---|---|
| Balance | 722,064 | 722,064 | 722,064 |
| Cash balance of ZLD at 30 June 2016 | - | 55,692 | 55,692 |
| Proceeds from shares issued pursuant to this Prospectus | - | 3,000,000 | 4,000,000 |
| Share issue costs | - | (510,518) | (571,518) |
| Zelda working capital movements | - | (142,627) | (142,627) |
| | 722,064 | 3,124,611 | 4,063,611 |

3. BORROWINGS

| | Zelda Audited 30/6/16 \$ | Proforma \$3M raising \$ | Proforma \$4M raising \$ |
|---|---|---|---|
| Balance – convertible note | 1,000,000 | 1,000,000 | 1,000,000 |
| Issue of 52,500,000 ordinary shares in repayment of the notes | - | (1,050,000) | (1,050,000) |
| Transfer of issue costs to equity | - | 50,000 | 50,000 |
| | 1,000,000 | - | - |

ZELDA THERAPEUTICS LIMITED (FORMERLY GLENEAGLE GOLD LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016

4. ISSUED CAPITAL

| | Zelda Audited 30/6/16 \$ | Proforma \$3M raising \$ | Proforma \$4M raising \$ |
|--|---|---|---|
| Balance | 1 | 1 | 1 |
| Share issued pursuant to Prospectus | - | 3,000,000 | 4,000,000 |
| Share issue costs | - | (510,518) | (571,518) |
| Conversion of convertible notes | - | 1,050,000 | 1,050,000 |
| Costs in relation to convertible notes | - | (50,000) | (50,000) |
| Issue of shares to CPS Capital | - | 400,000 | 400,000 |
| Shares issued as part of reverse acquisition, at fair value of ZLD | - | 3,015,692 | 3,015,692 |
| | 1 | 6,905,175 | 7,844,175 |

| | \$3M raising | | \$4M raising | |
|--|---------------------|------------------|---------------------|------------------|
| | Number | \$ | Number | \$ |
| Balance at 30 June 2016 | 100,449,102 | 1 | 100,449,102 | 1 |
| Existing shares of ZLD post-consolidation | 120,627,672 | 16,307,505 | 120,627,672 | 16,307,505 |
| Elimination of historical value of ZLD | - | (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 |
| Costs in relation to convertible notes | - | (50,000) | - | (50,000) |
| Share issue costs | - | (510,518) | - | (571,518) |
| | 629,127,672 | 6,905,175 | 669,127,672 | 7,844,175 |

ZELDA THERAPEUTICS LIMITED (FORMERLY GLENEAGLE GOLD LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2016

5. SHARE BASED PAYMENTS RESERVE

| | Zelda Audited 30/6/16 \$ | Proforma \$3M raising \$ | Proforma \$4M raising \$ |
|---|---|---|---|
| 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 |
| | - | <u>424,162</u> | <u>424,162</u> |

- (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:

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

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 |

ZELDA THERAPEUTICS LIMITED (FORMERLY GLENEAGLE GOLD LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
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5. 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.

6. ACQUISITION OF ENTITY

As disclosed in Note 1(q), the transaction involving the Company acquiring all the issued capital of Zelda has been accounted for under the principles of reverse acquisitions included in AASB 3 "Business Combinations".

The pre-combination carrying amounts of the assets and liabilities of the Company as at 30 June 2016 were as follows:

| | |
|-----------------------------|---------------------|
| | \$ |
| Cash | 55,692 |
| Trade and other receivables | 31,826 |
| Trade and other payables | <u>(290,424)</u> |
| Net liabilities | <u>(202,906)</u> |
| Issued capital | 16,307,505 |
| Accumulated losses | <u>(16,510,411)</u> |
| Net deficiency | <u>(202,906)</u> |

7. SUBSEQUENT EVENTS

On 20th September 2016, the Company announced that the capital raising had closed oversubscribed with the maximum subscription of \$4m received and the Company will issue 160,000,000 post-consolidation shares to investors subject to the formal readmission process with ASX.

On 12th October 2016, the Company announced that it had lodged a supplementary prospectus with the Australian Securities and Investments Commission which extended the offer period by a minimum of one month.

On 12th October 2016, the Company announced it had undertaken the 5:1 share consolidation as approved by shareholders in the meeting held on 25th July 2016.

On 26th October 2016, the Company announced that the ASX had granted a waiver from Listing Rule 14.7 to the extent necessary to permit the Company to issue securities as approved by shareholders in the general meeting held on 25th July 2016.

8. CONTINGENCIES AND COMMITMENTS

There are no contingent liabilities or material expenditure commitments at the date of this Report. Details of planned use of funds are outlined in Section 2.2 of the Supplementary Prospectus issued on or around 3 November 2016.

9. 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.