



ASX Release

28 April 2017

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Directors

Mr Harry Karelis
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ASX Code:

ZLD

Ordinary Shares:

754,841,934

Options:

48,000,000

6,000,000 (\$0.04 - 6/2/2020 -
subject to vesting conditions)
2,000,000 (\$0.04 - 6/2/2020)
40,000,000 (\$0.03125-17/11/2021)

March 2017 QUARTERLY REPORT

- **Solid string of positive achievements during the quarter**
- **Successful \$6 million oversubscribed capital raising to grow clinical pipeline for the development of new therapies**
- **New Licence Agreement executed to increase flexibility**
- **Research programme expands internationally with insomnia and eczema clinical trials in Chile**
- **Strategic partnership entered into with Animal Health Company, CannPal**

The Board of **Zelda Therapeutics Ltd (ASX: ZLD, Zelda or the Company)** is pleased to provide an operational update to accompany its Appendix 4C, released today, for the 3-month period to 31 March 2017

Corporate

Towards the end of the quarter, Zelda successfully completed a \$6 million capital raise. The capital raise was oversubscribed, receiving strong support from new institutional investors in Australia and Hong Kong. These shares were issued subsequent to quarter end on 5 April 2017.

The funds were raised to execute its research programme, new opportunities announced in this quarter and to further grow its clinical pipeline of medicinal cannabis therapies.

The capital raise, coupled with the execution of a new more flexible licence agreement, expansion of the research programme in Chile and a new strategic partnership to diversify into the animal health market, has been reflected in a significantly strengthened share price.

The company closed the quarter with a cash position of \$3,778,000 (not including nett proceeds from the \$6 million capital raising).

Operational Progress

Execution of a new Licence Agreement

The Company announced the execution of a new licence agreement with Caziwell Inc., providing the Company with increased flexibility to pursue new opportunities in new indications as well as a permanent reduction in future milestone and royalty payments.

Expansion of Research Programme Internationally

The Company announced its research programme was expanding with insomnia and eczema trials in Chile. These are both disease conditions of global significance, with a combined market value of approximately \$8 billion in 2016 (*Source: GBI Research and Reuters*). Chile was chosen as a location for the clinical trials due to the significant progress made in its legal framework, recognizing the importance of medicinal cannabis, allowing its production under strict regulatory controls for the treatment of medical conditions. Furthermore, Chile is a very cost effective location to conduct clinical trials and both Australia and Chile have a long trading history and strong bilateral relationships in place.

The Company will leverage its relationship with Australian listed AusCann Group Holdings Ltd (ASX:AC8) who have a Chilean joint venture – DayaCann, to source medicinal cannabis product for the trial. DayaCann is the only licensed producer of medicinal cannabis in Chile and has already produced its first crop

Zelda has identified key clinicians and sites in Chile and is in the process of finalising clinical trial protocols and submissions to the relevant regulatory authorities for approval. The Company expects to conclude trials by the end of this calendar year. As soon as positive trial data is available, the Company will commence the product registration process to allow Zelda to market and sell clinically approved products, expecting to generate potential revenue flows as early as 2018. Successful registration of Zelda's products in Chile has potential to open up further opportunities in other South American markets where medicinal cannabis is permitted, including the sizable Brazilian and Argentinian markets.

Strategic Partnership with Animal Health Company, CannPal

Zelda announced a strategic partnership with CannPal – an Australian animal health company developing a range of medicinal cannabis products for the companion animal market. Zelda will be granted options over 10% of the fully diluted issued capital in CannPal, which is aiming to list on the Australian Securities Exchange in the latter part of 2017.

The partnership opens up new opportunities for the Company, in particular exposure to a very large market for alternative animal therapies, and access to a pipeline of new medicines being developed for the animal markets, which Zelda will have first rights to pursue commercialization within the human market. Under the agreement, Zelda will grant CannPal access to certain data it owns including its intellectual property portfolio, technical assistance and access to its global networks. CannPal will also be granted first rights for the animal market over any data generated in Zelda's human trials.

The new agreement effectively allows Zelda to outsource its animal studies, at no cost, while allowing the Company to continue to focus on its core business activities producing cannabis therapies for humans. It also expands the Company's research focus to capitalise on the lucrative and the rapidly growing animal pharmaceutical market.

Outlook

Since reinstatement on the ASX during the previous quarter, Zelda Therapeutics continues to deliver on its milestones and make significant achievements towards its business strategy, particularly in the development of new opportunities, that will see the Company potentially generate maiden revenues during 2018.

These excellent achievements have been reflected in Zelda's strong share price and stock liquidity, as the market demand for alternative medicines continues to grow. The Company expects this trend to continue with its strong pipeline of activity and subsequent news flow.

Harry Karelis, Executive Chairman said *"I am very pleased at the Company's performance this quarter, the achievements made have been strategic in nature, better positioning Zelda more competitively on a global scale. Delivering on our research focus and creating more value for shareholders are key to our business strategy. As such, we have put in place a new licence agreement to provide the Company with better value and more flexibility, it also allowed us to freely capitalise on new opportunities such as in the animal health market. The recent capital raise will also allow us to continue with our research programmes, new opportunities and extension of research activities in Chile with insomnia, eczema and autism clinical trials. We will focus on gaining the appropriate regulatory approvals required to undertake the trials in Chile, and anticipate completing the trials later this year. We also expect to be able to report additional results from our pre-clinical cancer research programme. I look forward to sharing these updates to the market as we continue to generate activity, expecting more exciting news flow to follow"*.

About Zelda Therapeutics (www.zeldatherapeutics.com)

Zelda Therapeutics (“Zelda”) is an Australian-based bio-pharmaceutical 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 (*Aunt Zelda’s*) that 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 embarked on a programme of human clinical trials initially in sleep disorder (insomnia), eczema and autism indications.

In addition, Zelda is building a pre-clinical research portfolio targeting cancer. It 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. A similar programme is in place with the Telethon Kids Institute targeting paediatric brain cancer and Curtin University targeting pancreatic cancer.