



## ZELDA THERAPEUTICS LTD

### 2017 ANNUAL GENERAL MEETING

#### CHAIRMAN'S ADDRESS

Good morning and welcome to the 2017 Annual General Meeting for Zelda Therapeutics Ltd.

It has been a very satisfying 12 months as your company has moved rapidly to cement its position as one of the leading bio-pharmaceutical groups in the ever-expanding global medicinal cannabis market.

Our focus is very much on pre-clinical research and human clinical trials.

Our activities comprise of two broad categories:

Firstly, a pre-clinical research programme working on the anti-cancer effects of cannabinoids in breast, brain and pancreatic cancer. We are privileged to be working with three world class research groups in two countries and this research programme is already generating novel intellectual property. Our approach here is to build up a valuable portfolio of intellectual property and pre-clinical data. This portfolio has the potential to become very valuable over coming years.

Secondly, a clinical trial programme targeting insomnia, autism and eczema. We expect to be able to announce shortly an update on the status of these trials as we progress through the relevant approvals process. The indications targeted are considered as having a low risk of failure given the anecdotal data around the use of cannabinoid-based medicines.

This provides Zelda shareholders with the potential to generate a range of positive clinical data during 2018. Our strategy is to then move towards registering these medicines with the appropriate regulators and providing patients with access to effective, affordable and high-quality medicine.

It is likely that Zelda will partner with third party groups in certain territories to distribute our products. Whilst it is premature to comment on timing of likely revenue generation, we believe that this can occur relatively quickly once product registrations have been achieved.

An important aspect of Zelda's strategy is that we do not "touch the plant". Instead, we have built relationships with a range of high quality, pharmaceutical grade



manufacturers in numerous countries ensuring we have access to high quality medicines where and when needed.

There is enormous complexity around establishing clinical trials with cannabinoid-based medicines. What we are focused on doing has, in many cases, never been done before. Regulators are taking a cautious stance in reviewing the various applications required – which we fully support. Our focus on setting the bar as high as possible will result in highly credible clinical data being generated that will be robust enough to withstand the scrutiny of the medical profession. We believe this is the only way.

It is obvious there is tremendous hype in the sector and many people – investors, patients, doctors, regulators and other stakeholders – are confused as to where to go for help, what medicine to use and which companies to invest in.

We have seen a plethora of companies listing on the Australian Securities Exchange (ASX) with a wide variety of business plans and sometimes “interesting” stock exchange releases. This is a common occurrence in the capital markets that has been witnessed many times before in many different emerging sectors. I would encourage all investors to make some basic enquiries when reviewing the sector.

Who are the people behind the company?

What are their track records?

Are they focused solely on executing a medical cannabis-based strategy or is their interest combined with other non-cannabis businesses?

Are they focused on hemp-derived CBD products or do they have what is known as full spectrum extracts which contain other cannabinoids?

Zelda is focused on working with full spectrum extracts which have been shown to have medical effects in many anecdotal cases. Many leading figures in the global sector believe that full spectrum extracts are critical in “medical” cannabis. Due to their nature, these extracts contain the psychoactive cannabinoid tetrahydrocannabinol (THC) and this significantly increases the complexity of manufacturing, transporting and storing the end product/medicine.

It has taken significant resources and time for Zelda to navigate these regulations and put in place a secure, stable supply chain. As such, we look forward to rapidly progressing our clinical trial initiatives during the course of 2018.

Zelda is still in the early stages of its development, and if we look at the other global groups focused on generating robust intellectual property and registering medicines for sale in key markets, the list is very short. At the top of the list is UK-based and US-listed company GW Pharmaceuticals plc which is a pioneer in the sector. It has two registered products and enjoys a market valuation in excess of US\$3 billion.

We continue to evaluate new opportunities that have the potential to create significant value for Zelda shareholders. We remain disciplined in how we allocate capital but at the same time ensuring we retain our entrepreneurial approach and



taking advantage of attractive opportunities as they arise. Shareholders can reasonably expect some exciting developments during 2018 as we progress and finalise various discussions currently underway.

We have adopted a cost-effective, low overhead out-sourcing model with some operations in relatively inexpensive jurisdictions such as Spain & Chile providing maximum return for our spend. This, combined with the attractive Australian Federal Government R&D Tax Rebate scheme means we have sufficient capital to execute our current programmes as well as pursue new initiatives for the foreseeable future.

You can be assured that your Board is absolutely focused on generating significant shareholder value by exploiting our early mover advantage and by partnering with some of the world's best researchers and clinicians. Your Board collectively holds a significant stake in the company and as such its interests are completely aligned with those of minority shareholders.

None of this can be achieved without all members of the Zelda team working effectively together and I would like to take this opportunity to thank all of my colleagues. Furthermore, our researchers, other partners and stakeholders all over the world are all playing a vital role in progressing the understanding and acceptance of cannabinoids as a safe, affordable and effective medicine.

I would also like to thank all of our shareholders for your ongoing support and I look forward to providing updates over the course of the next 12 months.

Finally, to ensure you remain updated on our latest developments I would encourage you to visit our website and request to be put on our mailing list or connect with us through our various social media platforms, including LinkedIn, Facebook and Twitter.

Harry Karelis

CHAIRMAN

24 November 2017

