
ZELDA THERAPEUTICS LIMITED**ACN 103 782 378****NOTICE OF ANNUAL GENERAL MEETING**

Notice is given that the Meeting will be held at:

TIME: 9.00am (WST)
DATE: 30 November 2018
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 4:00pm (WST) on 28 November 2018.

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2018."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MS MARA GORDON

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

"That, for the purpose of clause 12.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mara Gordon, a Director, retires by rotation, and being eligible, is re-elected as a Director."

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – DR STEWART WASHER

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

"That, for the purpose of clause 12.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Dr Stewart Washer, a Director, retires by rotation, and being eligible, is re-elected as a Director."

5. RESOLUTION 4 – APPROVAL FOR THE ISSUE OF OPTIONS TO DR RICHARD HOPKINS

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 10.11.1 and for all other purposes, approval is given for the Company to issue 25,000,000 Options to Dr Richard Hopkins (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 Richard Hopkins (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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.

6. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (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, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 23 October 2018

By order of the Board

Tim Slate
Company Secretary

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 changes to the Corporations Act made in 2011 mean 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 Resolutions.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2018 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.zeldatherapeutics.com.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

3. RESOLUTIONS 2 & 3 – RE-ELECTION OF DIRECTORS – MS MARA GORDON & DR STEWART WASHER

3.1 General

ASX Listing Rule 14.4 provides that, other than a managing director, a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or third year, whichever is the longer. However, where there is more than one managing director, only one is entitled not to be subject to re-election.

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Article 12.3(a) of the Company's Constitution provides that a director must not hold office without re-election past the third annual general meeting following the director's appointment or last election. This Annual General Meeting is the third annual general meeting since the appointment of Ms Mara Gordon and Dr Stewart Washer on 17 November 2016. This being the case, Ms Gordon and Dr Washer retire by rotation, and, being eligible, seek re-election.

3.2 Qualifications and other material directorships

Mara Gordon

Ms Mara Gordon specializes in the development of treatment protocols utilizing Bio Pharmaceutical-grade cannabis extracts for seriously ill patients in California. She co-founded Aunt Zelda's, Calla Spring Wellness, and Zelda Therapeutics in order to provide real outcomes for patients with serious diseases.

Prior to Aunt Zelda's, Ms Gordon worked as a process engineer, helping Fortune 500 companies create intelligent software by utilizing the Rational Unified Process. This experience has enabled her to take a detailed and scientific approach to utilizing cannabis as a Bio Pharmaceutical grade treatment.

Ms Gordon sits on numerous advisory boards, including Gabriella's Kitchen and CannPal, and Patients Out of Time. She has presented at multiple CME-accredited medical conferences, as well as medical cannabis conferences in more than 10 countries. These include CannMed held at Harvard Medical School in 2017 and 2018, and CannTech 2017 in Israel. Her work is featured in the documentaries, "Weed the People", "Mary Janes: Women of Weed", and in Joe Dolce's book, "Brave New Weed".

If elected, the Board does not consider Ms Mara Gordon will be an independent director.

Dr Stewart Washer

Stewart has 25 years of CEO and Board experience in medical and agrifood biotech companies. He is currently the Executive Chairman of Emerald Clinics Ltd, medical cannabis clinics, VP Business Development at AusCann Ltd (ASX:AC8), medical cannabis manufacturing, Chairman of Orthocell Ltd (ASX:OCC), regenerative medicine company, Founding Chairman and current Director of Cynata

Therapeutics Ltd (ASX:CYP) stem cell therapies and Chairman of Minomic International Ltd cancer diagnosis and treatment.

Stewart has held a number of Board positions in the past, including Chairman of Hatchtech Pty Ltd that was sold in 2015 for A\$279m and was a Director of iCeutica that was sold to a US Pharma. He was also a Senator with Murdoch University and was a Director of AusBiotech Ltd.

If elected, the Board does not consider Dr Stewart Washer will be an independent director.

3.3 Board recommendation

The Board supports the re-election of Ms Mara Gordon and Dr Stewart Washer and recommend that Shareholders vote in favour of Resolutions 2 & 3.

4. RESOLUTION 4 – APPROVAL FOR THE ISSUE OF OPTIONS TO DR RICHARD HOPKINS

4.1 General

The Company has agreed, subject to obtaining Shareholder approval, to issue 25,000,000 Options (**Related Party Options**) to Dr Richard Hopkins (or his nominee) in consideration for his services to the Company, which include but are not limited to, managing the business of the Company, including implementing strategic and tactical plans and managing operational functions to achieve the Company's goals and outcomes, and otherwise on the terms and conditions set out below and in Schedule 1 of this Notice.

Resolution 4 seeks Shareholder approval for the grant of the Related Party Options to Dr Hopkins (or his nominee).

4.2 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 Hopkins is a related party of the Company by virtue of being a Director.

The Directors (other than Dr Hopkins who has a material personal interest in the Resolution) 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 Hopkins, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

4.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose

relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Related Party Options 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.

4.4 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 4:

- (a) the Related Party to whom the Related Party Options are to be issued under this Resolution is Dr Richard Hopkins (or his nominee);
- (b) 25,000,000 Related Party Options will be issued to Dr Hopkins (or his nominee) in the following allotments:
 - (i) 5,000,000 Related Party Options, exercisable at \$0.10 each and expiring on the date that is three years from the date of issue (**Class A Options**);
 - (ii) 5,000,000 Related Party Options exercisable at \$0.15 each and expiring on the date that is three years from the date of issue (**Class B Options**);
 - (iii) 5,000,000 Related Party Options exercisable at \$0.20 each and expiring on the date that is three years from the date of issue (**Class C Options**);
 - (iv) 5,000,000 Related Party Options exercisable at \$0.28 each and expiring on the date that is three years from the date of issue (**Class D Options**); and
 - (v) 5,000,000 Related Party Options exercisable at \$0.30 each and expiring on the date that is three years from the date of issue (**Class E Options**).
- (c) 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 listing rules) and it is intended to issue all of the Related Party Options on the same date;
- (d) the Related Party Options to be issued will be issued for nil cash consideration as they constitute a fee for services provided;
- (e) the terms and conditions of the Related Party Options are set out in Schedule 1;
- (f) 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 Hopkins 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 Hopkins (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.

4.5 Board recommendation

The Board (other than Dr Hopkins) recommend that Shareholders vote in favour of Resolution 4.

5. RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY– SHARES

5.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at 5 October 2018, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation that is less than \$300,000,000, being approximately \$52,900,000.

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one (1) class of quoted Equity Securities on issue, being the Shares (ASX Code: ZLD).

If Shareholders approve Resolution 5, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 5 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

5.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 5:

(a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 5.2(a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(10% Placement Capacity Period).

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the closing market price of Shares and the number of Equity Securities on issue as at 5 October 2018.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

| Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2) | Dilution | | | |
|---|-------------------------------------|--|------------------------|--|
| | Issue Price (per Share) | \$0.035 50% decrease in Issue Price | \$0.070 Issue Price | \$0.105 50% increase in Issue Price |
| 755,341,934 (Current Variable A) | Shares issued - 10% voting dilution | 75,534,193 Shares | 75,534,193 Shares | 75,534,193 Shares |
| | Funds raised | \$2,643,697 | \$5,287,394 | \$7,931,090 |
| 1,133,012,901 (50% increase in Variable A) | Shares issued - 10% voting dilution | 113,301,290 Shares | 113,301,290 Shares | 113,301,290 Shares |
| | Funds raised | \$3,965,545 | \$7,931,090 | \$11,896,635 |
| 1,510,683,868 (100% increase in Variable A) | Shares issued - 10% voting dilution | 151,068,386 Shares | 151,068,386 Shares | 151,068,386 Shares |
| | Funds raised | \$5,287,394 | \$10,574,787 | \$15,862,181 |

*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

1. There are currently 755,341,934 Shares on issue.
2. The issue price set out above is the closing price of the Shares on the ASX on 5 October 2018.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised to progress pre-clinical and clinical research, assets and investments to complement the Company's existing assets and general working capital etc; or
- (ii) as non-cash consideration for the acquisition of new assets and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 24 November 2017 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 24 November 2018, the Company otherwise issued a total of

500,000 Shares and 3,000,000 Options which represents approximately 0.44% of the total diluted number of Equity Securities on issue in the Company on 16 November 2017, which was 802,841,934.

Details of the issues of Equity Securities by the Company during the 12 months preceding the date of the Meeting are set out in Schedule 2.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

5.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 6.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in Section 5.1.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

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 Zelda 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.

Eligible Entity means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

Equity Securities includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

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.

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 with the terms and conditions set out in Schedule 1.

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

Ordinary Securities has the meaning set out in the ASX Listing Rules.

Proxy Form means the proxy form accompanying the Notice.

Related Party Option means an Option granted pursuant to Resolution 4 with the terms and conditions set out in Schedule 1.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2018.

Resolutions means the resolutions 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.

Variable A means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

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

SCHEDULE 1 – TERMS OF THE OPTION INCENTIVE PACKAGE

- (a) Dr Hopkins 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 (**Class A Options**);
 - (ii) 5,000,000 Related Party Options with an exercise price of \$0.15 (**Class B Options**);
 - (iii) 5,000,000 Related Party Options with an exercise price of \$0.20 (**Class C Options**);
 - (iv) 5,000,000 Related Party Options with an exercise price of \$0.28 (**Class D Options**); and
 - (v) 5,000,000 Related Party Options with an exercise price of \$0.30 (**Class E Options**),
- (the **Options Package**).
- (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 Class A Options will vest and be capable of exercise immediately;
 - (ii) the Class B Options and Class C Options will vest and be capable of exercise on 16 October 2019; and
 - (iii) the Class D Options and Class E Options will vest and be capable of exercise on 16 October 2020.
- (d) Should Dr Hopkins cease to be employed or engaged by the Company and:
- (i) Dr Hopkins is a Bad Leaver, Dr Hopkins will have 30 days to exercise any vested Related Party Options, otherwise they lapse.
 - (ii) Dr Hopkins is not a Bad Leaver, the Board has discretion to determine the period in which any vested Related Party Options will remain exercisable.
- (e) 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**).
- (f) 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.

- (g) Shares issued on exercise of the Related Party Options rank equally with the then issued shares of the Company.
- (h) 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.
- (i) 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.
- (j) 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.
- (k) The Related Party Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – ISSUE OF EQUITY SECURITIES SINCE 24 NOVEMBER 2017

| Date | Quantity | Class | Recipients | Issue price and discount to Market Price (if applicable) ¹ | Form of consideration |
|---|-----------|-------------------------------|---|---|--|
| Issue Date – 22 August 2018 Appendix 3B - 22 August 2018 | 3,000,000 | Unquoted Options ² | Zelda Medical Advisory Board (or nominees) pursuant to the Company's Employee Option Plan adopted at the General Meeting held on 25 July 2016 | No issue price (non-cash consideration). | Non-Cash Consideration: Performance based remuneration for services provided to the Company. The current value of the Options is \$0.0184 per Option (\$73,711) based on a Black & Scholes valuation conducted on 4 October 2018. |
| Issue Date – 12 January 2018 Appendix 3B - 12 January 2018 | 500,000 | Shares ³ | Exercise of unlisted options | \$0.04 per share (65% discount) | Amount raised = \$20,000 Amount spent = Nil Use of Funds = N/A Amount remaining = \$20,000 Proposed use of remaining funds ⁴ |

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Unquoted Options, exercisable at \$0.125 cents each, on or before 22 August 2021. The full terms and conditions were disclosed in the ASX announcement dated 22 August 2018.
3. Fully paid ordinary shares in the capital of the Company, ASX Code: ZLD (terms are set out in the Constitution).
4. For the Company to execute its current research programmes and pursue new opportunities to grow its clinical pipeline for the development of new medical cannabis therapies in Australia and Chile. The Board reserves the right to alter the way the funds are applied on this basis.