
ZELDA THERAPEUTICS LIMITED

ACN 103 782 378

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00 am

DATE: 28 November 2019

PLACE: Blackwall Legal, Level 26, 140 St Georges Tce, Perth WA

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 10 am on 26 November 2019.

BUSINESS OF THE MEETING

AGENDA

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the Directors, the Director's report, the Remuneration Report and the auditor's report.

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 2019."

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.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – JASON PETERSON

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, Jason Peterson, a Director, retires, and being eligible, is re-elected as a Director."

RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF OPTIONS

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 7.4 and for all other purposes, Shareholders ratify the issue of 2,000,000 Options 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 participated in the issue or any associates of those persons. 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.

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES

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 7.4 and for all other purposes, Shareholders ratify the issue of 2,000,000 Shares 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 participated in the issue or any associates of those persons. 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.

RESOLUTION 5 – ISSUE OF RELATED PARTY PERFORMANCE RIGHTS TO JASON PETERSON

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 12,500,000 Performance Rights to Jason Peterson (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 Jason Peterson (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
 - (i) 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.
- Provided the Chair is not a Resolution 9 Excluded Party, 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.

RESOLUTION 6 – ISSUE OF RELATED PARTY PERFORMANCE RIGHTS TO HARRY KARELIS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 12,500,000 Performance Rights to Harry Karelis (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 Harry Karelis (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:
 - (ii) a member of the Key Management Personnel; or
 - (iii) 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. Provided the Chair is not a Resolution 10 Excluded Party, 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.

RESOLUTION 7 – ISSUE OF RELATED PARTY PERFORMANCE RIGHTS TO RICHARD HOPKINS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of section 195(4) and section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 12,500,000 Performance Rights to 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 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:
 - (iv) a member of the Key Management Personnel; or
 - (v) 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. Provided the Chair is not a Resolution 11 Excluded Party, 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.

RESOLUTION 8 – RE-APPROVAL OF INCENTIVE PLAN

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 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled “ZLD Employee Share Option Plan” and for the issue of securities under that Plan, 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 any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, or any associates of those Directors. 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.

RESOLUTION 9 – 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 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.

RESOLUTION 10 – APPROVAL TO ISSUE CONSIDERATION FOR MERGER WITH ILERA THERAPEUTICS LLC

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 7.1 and for all other purposes, approval is given for the Company to issue:

- (b) 113,601,290 Shares;*
- (c) 362,620,322 Class A Performance Rights; and*
- (d) 362,620,322 Class B Performance Rights,*

as consideration for the completion of the acquisition of 100% of the interests in Ilera Therapeutics LLC 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 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.

RESOLUTION 11 – ELECTION OF DIRECTOR – OSAGIE IMASOGIE

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

"That, subject to the completion of the Acquisition, for the purpose of clause 12.6 of the Constitution, Mr Osagie Imasogie be elected as a Director of the Company."

RESOLUTION 12 – ELECTION OF DIRECTOR – OLUDARE ODUMOSU

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

"That, subject to the completion of the Acquisition, for the purpose of clause 12.6 of the Constitution, Mr Oludare Odumosu be elected as a Director of the Company."

RESOLUTION 13 – ELECTION OF DIRECTOR – LISA GRAY

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

"That, subject to the completion of the Acquisition, for the purpose of clause 12.6 of the Constitution, Ms Lisa Gray be elected as a Director of the Company."

RESOLUTION 14 – CHANGE OF COMPANY NAME

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

*"That, subject to the completion of the Acquisition, for the purposes of section 157(1)(a) and for all other purposes, approval is given for the name of the Company to be changed to **Zelira Therapeutics Limited**."*

RESOLUTION 15 – AMENDMENT TO CONSTITUTION

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

"That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to amend its existing Constitution to change the Company name to Zelira Therapeutics Limited and insert the following clause:

'Restricted Securities

The Company shall comply in all respects with the requirements of the Listing Rules with respect to Restricted Securities. Without limiting the generality of the above:

- (a) a holder of Restricted Securities must not Dispose of, or agree or offer to Dispose of, the Securities during the escrow period applicable to those Securities except as permitted by the Listing Rules or the ASX;
- (b) if the Restricted Securities are in the same class as quoted Securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored subregister and are to have a Holding Lock applied for the duration of the escrow period applicable to those Securities;
- (c) the Company will refuse to acknowledge any Disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period applicable to those Securities except as permitted by the Listing Rules or the ASX;
- (d) a holder of Restricted Securities will not be entitled to participate in any return of capital on those Securities during the escrow period applicable to those Securities except as permitted by the Listing Rules or the ASX; and
- (e) if a holder of Restricted Securities breaches a Restriction Deed or a provision of this Constitution restricting a Disposal of those Securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those Securities for so long as the breach continues.'

and make all associated edits to definitions and other clauses to reflect the inclusion of this new clause as required by the ASX Listing Rules."

Dated: 25 October 2019

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 two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two (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:

- 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 2019 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. RESOLUTION 2 – RE-ELECTION OF JASON PETERSON

3.1 General

ASX Listing Rule 14.4 and clause 12.3 of the Constitution provide 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 3 years, whichever is the longer. However, where there is more than one managing director, only one is entitled to be exempt from this rotation requirement.

Jason Peterson was last re-elected on 28 November 2016.

3.2 Qualifications and other material directorships

Mr Peterson holds a Bachelor of Commerce and a Graduate Diploma of Finance from FINSIA (Financial Services Institute of Australia)/SDIA (Securities & Derivatives Institute of Australia). Mr Jason Peterson is a Director, major shareholder and Head of Corporate of boutique stock broking and corporate advisory firm, CPS Capital and has more than 20 years' of experience in the financial advisory sector, which he obtained by working in both local and international stockbroking companies such as Patersons Securities Limited, Tolhurst Group, and Merrill Lynch. He specialises in corporate structuring, capital raisings, corporate and strategic advice to small and medium size companies and reverse takeovers.

3.3 Independence

Mr Peterson is a significant shareholder in the Company and therefore is not considered an independent Director.

3.4 Board recommendation

The Board supports the election of Mr Peterson and recommends that Shareholders vote in favour of Resolution 2.

4. RESOLUTIONS 3 AND 4 – RATIFICATION OF PREVIOUS ISSUES

4.1 General

Resolutions 3 and 4 seek approval for the ratification of the previous issues of 2,000,000 Options and 2,000,000 Shares issued to service providers for the provision of investor relations services to the Company.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not

breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.2 Technical information required for Resolution 3

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 2,000,000 Options were issued;
- (b) the Options were issued for nil cash consideration as consideration for the provision of services to the Company;
- (c) the Options were issued on the terms and conditions set out in Schedule 1. Any Shares issued on exercise of the Options will be on the same terms and conditions as the Company's existing Shares;
- (d) the Options were issued to Gaks Investment Holdings Pty Ltd, who is not a related party of the Company; and
- (e) no funds were raised from the issue of the Options as they were issued as consideration for investor relations services provided to the Company.

4.3 Technical information required for Resolution 4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 1,500,000 Shares were issued;
- (b) the Shares were issued for nil cash consideration as consideration for the provision of services to the Company;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to Havecoat Contractors Pty Ltd who was not a related party of the Company; and
- (e) no funds were raised from the issue of the Options as they were issued as consideration for investor relations services provided to the Company.

5. RESOLUTIONS 5 TO 7 – ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS

5.1 General

The Company has agreed, subject to the receipt of approval from Shareholders, for the issue of 12,500,000 Performance Rights to each of Harry Karelis, Jason Peterson and Richard Hopkins (**Related Parties**), being each of the Directors that will remain as the Company moves forward following its merger with Ilera Therapeutics LLC (refer to Resolution 10).

5.2 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 Performance Rights constitutes giving a financial benefit and each of the recipients is a related party of the Company by virtue of being a Director.

It is the view of the Company that the exceptions set out in sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of the Performance Rights to the Related Parties.

5.3 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 Performance Rights 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.

5.4 Technical Information required for Resolutions 5 to 7

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 5 to 7:

- (a) the Performance Rights will be issued to:
 - (i) Jason Peterson – Resolution 5;
 - (ii) Harry Karelis – Resolution 6; and
 - (iii) Richard Hopkins – Resolution 7,or their respective nominees, who are all related parties by virtue of being Directors;
- (b) 12,500,000 Performance Rights will be issued to each of the Directors outlined in (a) above as follows:
 - (i) 6,250,000 Class A Performance Rights; and
 - (ii) 6,250,000 Class B Performance Rights;

- (c) the Performance Rights will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur on the same date;
- (d) the Performance Rights will be issued for \$0.0001 cash consideration per Performance Rights, accordingly \$3,750 will be raised;
- (e) the Performance Rights will vest on the achievement of the same performance hurdles as those set for the vendors in the Acquisition and as such will be issued on the same terms as the terms and conditions of the Performance Rights issued as consideration for the Acquisition as set out in Schedules 4 and 5;
- (f) the value of the Performance Rights and the pricing methodology is set out in Schedule 6;
- (g) the relevant interests of the Related Parties in securities of the Company are set out below:

Related Party	Shares	Options
Jason Peterson	74,593,965	8,000,000 ¹
Harry Karelis	49,587,680	6,000,000 ¹
Richard Hopkins	Nil	25,000,000 ²⁻⁶

¹ Unlisted Options exercisable at \$0.03125 each on or before 17 November 2021.

² Unlisted Options exercisable at \$0.10 each on or before 19 February 2022.

³ Unlisted Options exercisable at \$0.15 each on or before 19 February 2022.

⁴ Unlisted Options exercisable at \$0.20 each on or before 19 February 2022.

⁵ Unlisted Options exercisable at \$0.28 each on or before 19 February 2022.

⁶ Unlisted Options exercisable at \$0.30 each on or before 19 February 2022.

- (h) the remuneration and emoluments from the Company to the Related Parties for the previous financial year and the proposed remuneration and emoluments for the current financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Jason Peterson	36,000	36,000
Harry Karelis	120,000	210,000
Richard Hopkins	300,000	255,507

- (i) if the Performance Rights granted to the Related Parties are exercised, a total of 37,500,000 Shares would be issued. This will increase the number of Shares on issue from 758,841,934 to 796,341,934 (assuming that no other Options are exercised and no shares other than those contemplated by the Resolutions of this Notice are issued) with the effect that the shareholding of existing Shareholders would be diluted by an aggregate of 4.7%, comprising 1.6% by Jason Peterson, 1.6% by Harry Karelis and 1.6% by Richard Hopkins.

The market price for Shares during the term of the Performance Rights would normally determine whether or not the Performance Rights are

exercised. If, at any time any of the Performance Rights are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Performance Rights, there may be a perceived cost to the Company.

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice is set out below:

	Price	Date
Highest	9 cents	29 July 2019
Lowest	3.5 cents	19 and 24 December 2018
Last	7.2 cents	22 October 2019

- (k) the Board acknowledges the grant of Performance Rights to Jason Peterson is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations with 2010 Amendments (3rd Edition) as published by The ASX Corporate Governance Council. However, the Board considers the grant of Performance Rights to Jason Peterson reasonable in the circumstances for the reason set out in paragraph (m);
- (l) the primary purpose of the grant of the Performance Rights to the Related Parties is to provide a performance linked incentive component in the remuneration package for the Related Parties to motivate and reward the performance of the Related Parties in their respective roles as Directors;
- (m) Jason Peterson declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Performance Rights in the Company should Resolution 5 be passed. However, in respect of Resolutions 6 and 7, he recommends that Shareholders vote in favour of those Resolutions for the following reasons:
- (i) the grant of Performance Rights to the Related Parties, in particular, the vesting conditions of the Performance Rights, will align the interests of the Related Parties with those of Shareholders including the incoming shareholders under the Acquisition;
 - (ii) the grant of the Performance Rights is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
 - (iii) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights upon the terms proposed;
- (n) Harry Karelis declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Performance Rights in the Company should Resolution 6 be passed.

However, in respect of Resolutions 5 and 7, he recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);

- (o) Richard Hopkins declines to make a recommendation to Shareholders in relation to Resolution 7 due to his material personal interest in the outcome of the Resolution on the basis that he is to be granted Performance Rights in the Company should Resolution 7 be passed. However, in respect of Resolutions 6 and 7, he recommends that Shareholders vote in favour of those Resolutions for the reasons set out in paragraph (m);
- (p) with the exception of Messrs Peterson, Karelis and Hopkins, no other Director has a personal interest in the outcome of Resolutions 5 to 7;
- (q) Stewart Washer recommends that Shareholders vote in favour of Resolutions 5, 6 and 7 for the reasons set out in paragraph (m)(i) to (iii);
- (r) Mara Gordon recommends that Shareholders vote in favour of Resolutions 5, 6 and 7 for the reasons set out in paragraph (m)(i) to (iii)
- (s) in forming their recommendations, each Director considered the experience of each other Related Party, the vesting hurdles for the Performance Rights and the current market practices when determining the number of Performance Rights to be granted; and
- (t) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 5 to 7.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Performance Rights as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Performance Rights under Resolutions 5 to 7 will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

6. RESOLUTION 8 – RENEWAL OF ZLD EMPLOYEE SHARE OPTION PLAN

Resolution 8 seeks Shareholder approval for the re-adoption of the employee incentive scheme titled Employee Share Option Plan (**Option Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 8 is passed, the Company will be able to issue Options under the Option Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that 22,500,000 Options have previously been issued under the Option Plan.

The objective of the Option Plan is to attract, motivate and retain key employees and it is considered by the Company that the adoption of the Option Plan and the future issue of Options under the Option Plan will provide selected employees with the opportunity to participate in the future growth of the Company.

Any future issues of Options under the Option Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Option Plan is set out in Schedule 2. In addition, a copy of the Option Plan is available for review by Shareholders at the registered office of the Company until the date of the Meeting. A copy of the Option Plan can also be sent to Shareholders upon request to the Company Secretary (Timothy Slate). Shareholders are invited to contact the Company if they have any queries or concerns.

7. RESOLUTION 9 – APPROVAL OF 10% PLACEMENT CAPACITY

7.1 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 equal to 10% of its issued capital (**10% Placement Capacity**) without using that entity'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 the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$66,000,000 (based on the number of Shares on issue and the closing price of Shares on the ASX on 10 October 2019 and excluding any restricted securities that may be on issue).

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 class of quoted Equity Securities on issue, being the Shares (ASX Code: ZLD).

If Shareholders approve Resolution 9, 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 9 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 9 for it to be passed.

7.2 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 9:

(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 7.2(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 9 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 market price of Shares and the number of Equity Securities on issue as at 10 October 2019.

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)	0.038 50% decrease in Issue Price	0.076 Issue Price	0.114 50% increase in Issue Price
872,668,224 (Current Variable A)	Shares issued - 10% voting dilution	87,266,822 Shares	87,266,822 Shares	87,266,822 Shares
	Funds raised	\$3,316,139	\$6,632,278	\$9,948,418
1,309,002,336 (50% increase in Variable A)	Shares issued - 10% voting dilution	130,900,233 Shares	130,900,233 Shares	130,900,233 Shares
	Funds raised	\$4,974,209	\$9,948,418	\$14,922,627
1,745,336,448 (100% increase in Variable A)	Shares issued - 10% voting dilution	174,533,644 Shares	174,533,644 Shares	174,533,644 Shares
	Funds raised	\$6,632,278	\$13,264,557	\$19,896,835

*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:

- There are currently 872,168,224 Shares on issue comprising:
 - 758,341,934 existing Shares as at the date of this Notice of Meeting; and
 - 113,826,290 Shares which will be issued if Resolution 10 is passed at this Meeting.
- The issue price set out above is the closing price of the Shares on the ASX on 10 October 2019.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- 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.
- 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.
- 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.
- This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1 unless otherwise disclosed.
- 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%.
- 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:

- 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 for the development of proprietary cannabinoid formulations to treat a variety of medical conditions ; or
- (ii) as non-cash consideration for 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) **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.

(f) **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.

(g) **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 previous annual general meeting (**Previous Approval**).

The Company has not issued any Shares or Options pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, the Company otherwise issued a total of 3,500,000 Shares and 38,700,000 Options which represents approximately 5.25% of the total diluted number of Equity Securities on issue in the Company at the last Annual General Meeting.

Further details of the issues of Equity Securities by the Company during the 12-month period preceding the date of the Meeting are set out in Schedule 3.

7.3 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 9.

8. RESOLUTIONS 10 TO 14 – RESOLUTIONS RELATING TO MERGER WITH ILERA THERAPEUTICS LLC

Resolutions 10 to 14 all relate to the Company's proposed acquisition and merger with Ilera Therapeutics LLC (**Ilera**) announced to ASX on 9 October 2019 as follows:

- (a) Resolution 10 – seeks approval for the issue of Shares and Performance Rights required to complete the Acquisition;
- (b) Resolutions 11 to 13 – seek approval for the election of the nominated Directors of Ilera to the Board of the Company subject to completion of the Acquisition; and
- (c) Resolution 14 – seeks approval for the change of the name of the Company subject to completion of the Acquisition.

8.1 Proposed Acquisition

On 9 October 2019, the Company announced that it had entered into an agreement to acquire 100% of the interests in Ilera from its existing members in a transaction that would combine the two entities.

Ilera is a therapeutically focused medicinal cannabis and cannabinoid science company recently spun-out of Ilera Healthcare LLC with which the Company had entered into a strategic partnership in March 2019. Its operations are centred in the US States of Pennsylvania and Louisiana while its clinical networks and distribution channels span North America.

Ilara has achieved the following milestones:

- Formulated two proprietary formulations launched with a view of generating revenues under the HOPE™ brand in Pennsylvania (PA). Ilara has retained the rights for HOPE™ in markets outside of PA and is progressing plans to license across the USA.
- Has a pipeline of formulations and proprietary platform technologies being developed for specific therapeutic conditions and products.
- Third party ongoing human clinical trials focused on pharmacokinetics for five proprietary products developed by the Ilara Therapeutics team targeting sleep, pain, anxiety, calmness & focus. In addition, Ilara Therapeutics is driving an Observational Autism Trial and a pharmacokinetic study for its proprietary formulated product, HOPE™.
- Has a licensing strategy to access the large and growing USA market for medicinal cannabis, including a partnership with Ilara Healthcare that provides access to 130,000+ currently registered medicinal cannabis patients in Pennsylvania.
- Ilara Therapeutics also has a partnership with Ilara Holistic, one of only two license holders for medicinal cannabis in the State of Louisiana for marketing its products in that State as well as access to its lab to develop more proprietary formulations and capability to conduct clinical trials.
- Has a partnership with Canadian group Ethicann Pharmaceuticals Inc. to develop a proprietary product, CAN-001, to treat chemotherapy-induced nausea and vomiting (CINV).
- Has a subsidiary in collaboration with Dr Karyn Grossman, that is developing high quality CBD and cannabis-based dermatology products. Dr Karyn Grossman is an internationally renowned, Harvard-trained, board certified cosmetic dermatologist with a well-established celebrity following. Dr Grossman has been listed as one of the top cosmetic surgeons by *Town & Country*, *C Magazine*, *More Magazine*, *The New York Times* and *L.A. Confidential*. In addition, Dr Grossman has been the international spokesperson for *Prescriptives Cosmetics* and has designed and developed successful new products, as well as educational and training materials.

The merger brings together a portfolio of expected revenue generating medicines and products undergoing clinical development that are expected to enter the market from 2020. The Company's disruptive 'launch, learn and develop' model will be deployed to rapidly commercialise products targeting large addressable markets such as pain, sleep and anxiety.

With operations in Australia and the USA, the Company will have a strong platform to access global medicinal cannabis markets. Ilara provides direct access to the USA, the world's largest medicinal cannabis market with over four million registered patients, while the Company provides complementary access to fast growing markets including Australia, Germany and the United Kingdom.

Zelira Therapeutics will also bring together world-class expertise in clinical trial design, drug development, cannabinoid science research and consumer marketing along with a strategy to commercialise and disrupt existing medicinal cannabis and pharmaceutical markets.

8.2 Resolution 10 – approval to issue consideration for Acquisition

8.2.1 Listing Rules

A summary of ASX Listing Rule 7.1 is set out above.

The effect of Resolution 10 will be to allow the Company to issue the Shares and Performance Rights to the vendors of Ilera during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

8.2.2 Technical information for Resolution 10

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 10:

- (a) the maximum number of securities to be issued is:
 - (i) 113,601,290 Shares;
 - (ii) 362,620,322 Class A Performance Rights; and
 - (iii) 362,620,322 Class B Performance Rights,

(Consideration Securities);
- (b) the Consideration Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the Consideration Securities will be issued for nil cash consideration as consideration to each of the respective vendors of the membership interests in Ilera;
- (d) the Consideration Securities will be issued to the existing interest holders in Ilera and split between them on the basis of their respective interests in Ilera. None of the recipients are deemed to be related parties by virtue of the ASX Listing Rules;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the Class A Performance Rights and Class B Performance Rights will be issued with the following conversion milestones and otherwise on the terms set out in Schedules 4 and 5 respectively:

Conversion of the Class A Performance Rights

A Performance Right will be able to be converted into a Share by a Holder subject to the cumulative revenues from the date of issue of the Performance Rights received by the Company or its subsidiaries from US-based product sales of products derived or generated from Ilera Therapeutics LLC exceeds US\$1,000,000.

Conversion of the Class B Performance Rights

A Performance Right will be able to be converted into a Share by a Holder subject to the cumulative revenues from the date of issue of the Performance Rights received by the Company or its subsidiaries from US-based product sales of products derived or generated from Ilera Therapeutics LLC exceeds US\$2,500,000; and

- (g) no funds will be raised from the issue of the Consideration Securities as they are being issued to complete the acquisition of Ilera and merge the two entities.

8.3 Effect of the Acquisition on the Company

The table below sets out the capital structure of the Company following the Acquisition and the additional issues of Securities contemplated in the Notice of Meeting:

	Shares	Options	Performance Rights
Current ZLD Shareholders	758,341,934	-	
Consideration Shares	113,826,290	-	
ZLD Shares on vesting of Consideration Class A Performance Rights		-	362,620,322
ZLD Shares on vesting of Consideration Class A Performance Rights		-	362,620,322
ZLD Shares on vesting of Director Class A Performance Rights		-	18,750,000
ZLD Shares on vesting of Director Class B Performance Rights		-	18,750,000
Existing Options	-	82,596,667	
Total Securities	872,168,224	82,596,667	762,740,644

8.4 Resolutions 11 to 13 – Election of Directors

As outlined above, subject to the completion of the Acquisition, the Company proposes appointing three new Directors associated with Ilera to the Company's Board. A profile of each of the proposed Directors is outlined below:

Osagie Imasogie – Proposed Chair

Osagie Imasogie has over 30 years of experience in the field of law, finance, business management, healthcare and the pharmaceutical industry. He is a co-founder and the Senior Managing Partner of PIPV Capital, a Private Equity Firm that is focused on the Life Sciences vertical. Prior to co-founding PIPV Capital, Osagie conceptualized and established GlaxoSmithKline Ventures and was its founding Vice President.

Mr. Imasogie has held senior legal, commercial and R&D positions within pharmaceutical companies such as GSK, SmithKline, DuPont Merck and Endo, where he was the founding General Counsel and SVP for Corporate Development. Osagie has also been a Price Waterhouse Corporate Finance Partner as well as a practicing attorney with a leading US Law Firm.

Mr. Imasogie is a serial entrepreneur and investor. He serves as Chairman and Founder of Ilera Healthcare and was also the Founder and Chairman of iCeutica, Inc., Churchill Pharma, Ception Therapeutics Inc. and Trigenesis Therapeutics Inc. In addition, he serves on the Board of a number of financial institutions such as FS-KKR (NYSE: FSK), Haverford Trust and StoneRidge Investments.

Mr. Imasogie is a Trustee of the University of Pennsylvania, a member of the Executive Committee and Chairman of the Budget & Finance Committee of the University. In addition, Osagie a member of the Board of Overseers of the University of Pennsylvania Law School, where he is an Adjunct Professor of Law. Osagie also serves on the Executive Committees of the Board of the Philadelphia Orchestra and the Philadelphia Museum of Art. Osagie holds post-graduate degrees from the University of Pennsylvania Law School and the London School of Economics.

Oludare Odumosu – Proposed CEO and Managing Director for the US

With over 10 years in corporate pharmaceutical business development, strategy & operational leadership including alliance management, Dr. Odumosu brings a unique combination of experiences from several academic, public health and life science organizations. In his recent role as Ilera Healthcare's first Chief Operating Officer, Dr Odumosu led the design, implementation and management of Ilera's business operation's post license award in 2017 through successful, market entry, product commercialization to profitability in 2018. He was also responsible for oversight and management of day to day operation of Ilera's vertically integrated grow/processor, wholesale and dispensary. In the same capacity, He led the formulation of Ilera proprietary cannabinoid-based product generating record breaking revenue projected to be \$43MM in 2019. His transition to Chief Scientific Officer/EVP Pharmaceutical Division resulted in a series of product development partnerships and the successful expansion of Ilera Healthcare to Ilera Therapeutics. He continues to lead Ilera's Therapeutics efforts as a cannabinoid science company to develop cannabinoid based and clinically validated products and technologies through strategic partnerships across the global cannabis and biotechnology space.

His background in biochemistry and healthcare entrepreneurship gives him unique qualifications to lead Ilera Therapeutics. Dr. Odumosu played a critical role in Iroko Pharmaceutical's post-clinical development of Zorvolex® Tivorbex® and Vivlodex® through FDA approvals and successful US market commercialization. He also managed the execution of the business development gate processes for the expansion of Iroko's Solumatrix® franchise products through ex-US licensing.

He received a PhD in Biochemistry and a Master's in Public Health-Epidemiology and Biostatistics from the Loma Linda University School of Medicine and School of Public Health in Loma Linda, California; and a BS in Biology from Calvin College in Grand Rapids, Michigan.

Dr. Odumosu is a World Bank Institute Certified public health professional with global healthcare translational/clinical/epidemiological research and data management experience.

Lisa Gray – Proposed Non-Executive Director

Lisa Gray CPA, CVA has experience in finance, marketing, business development, and operations primarily within the pharmaceutical industry. Lisa was Co-Founder and Vice Chair of Ilera Healthcare, a vertically integrated Grower, Processor and Dispenser of Medicinal Marijuana in Pennsylvania, and was a lead on the sale of this business to TerrAscend (TER.CN). Lisa is Vice Chair for Ilera Holistic Healthcare

(a Grower and Processor in Louisiana) and Ilera Therapeutics (a product research and development company).

Lisa is also the Co-Founder and Managing Partner of PIPV Capital, a Private Equity firm focused on building companies in life sciences, where she manages the financial aspects of the firm and portfolio, generates and leads investments, manages investor communications, and acts as Board Member CEO, CFO, and/or plays various management roles, as necessary, for portfolio companies. Lisa has previously served as COO for GlaxoSmithKline ("GSK") Pharmaceuticals Ventures, a pharmaceutical venture fund, as well as other operations and transactions roles over 13 years with GSK. Prior to joining GSK, Lisa was a management consultant and auditor with Coopers & Lybrand.

Ms. Gray holds a Bachelor of Science in Accountancy from Villanova University, an MBA in Finance from Penn State University, and a Post-Graduate Degree in Marketing Management.

8.5 Resolution 14 – Change of Company name

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name.

Resolution 14 seeks the approval of Shareholders for the Company to change its name to **Zelira Therapeutics Limited**.

If Resolution 14 is passed the change of name will take effect when ASIC alters the details of the Company's registration.

The proposed name has been reserved by the Company and if Resolution 14 is passed, the Company will lodge a copy of the special resolution with ASIC on completion of the Acquisition in order to effect the change.

9. RESOLUTION 15 – AMENDMENT TO CONSTITUTION

9.1 General

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

Resolution 15 is a special resolution which will enable the Company to amend its existing Constitution (**Amended Constitution**) to change the Company name and ensure it reflects the proposed changes to ASX Listing Rule 15.12 which are due to be finalised and released in December 2019. Under this change, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will instead permit the Company to issue restriction notices to holders of restricted securities in the form of a new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

A copy of the Amended Constitution can be sent to Shareholders upon request to the Company Secretary. Shareholders are invited to contact the Company if they have any queries or concerns.

GLOSSARY

\$ means Australian dollars.

10% Placement Capacity has the meaning given in Section 7.1.

Acquisition means the acquisition by the Company, through its subsidiary, of 100% of the ownership interests in Ilera Therapeutics LLC.

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
- (g) 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.

Optionholder means a holder of an Option.

Proxy Form means the proxy form accompanying the Notice.

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 2019.

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 AND CONDITIONS OF OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.12 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 27 September 2022 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

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 Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

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 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 Options.

If a notice delivered under (g)(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.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

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.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – SUMMARY OF TERMS OF ZLD EMPLOYEE SHARE OPTION PLAN

1. ELIGIBILITY

The Board may, in its absolute discretion, invite an “Eligible Employee” to participate in the Plan. An “Eligible Employee” includes a director, senior executive, contractor, consultant or employee of the Company.

2. TERMS OF ESOP OPTIONS

- (a) Each ESOP Option will be granted to Eligible Employees under the Plan for no more than nominal consideration.
- (b) Each ESOP Option will entitle its holder to subscribe for and be issued, one Share (upon vesting and exercise of that ESOP Option).
- (c) ESOP Options will not be listed for quotation on the ASX, however, the Company will apply for official quotation of the Shares issued upon the exercise of any vested ESOP Options.
- (d) The grant date, expiry date and exercise price of an ESOP Option shall be as determined by the Board when an offer to participate in the Plan is made.
- (e) A participant is not entitled to participate in or receive any dividend or other Shareholder benefits until its ESOP Options have vested and been exercised and Shares have been allocated to the participant as a result of the exercise of those ESOP Options.
- (f) There are no participating rights or entitlements inherent in the ESOP Options and participants will not be entitled to participate in new issues of securities offered to Shareholders of the Company during the currency of the ESOP Options.
- (g) Following the issue of Shares following exercise of vested ESOP Options, participants will be entitled to exercise all rights of a Shareholder attaching to the Shares, subject to any disposal restrictions advised to the participant at the time of the grant of the ESOP Options.
- (h) If there is a reconstruction of the issued capital of the Company prior to the expiry of any ESOP Options, the number of ESOP Options to which each Participant is entitled or the exercise price of his or her ESOP Options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the Listing Rules.

3. CONDITIONS

When granting ESOP Options, the Board may make their vesting and/or exercise conditional on the satisfaction of certain conditions within a specified period. The Board may at any time waive or change a condition in accordance with the Plan rules if the Board (acting reasonably) considers it appropriate to do so.

4. VESTING

The ESOP Options will vest following satisfaction of the vesting conditions(if any)or such other date as determined by the Board in its discretion. Subject to the Plan rules, the Board may declare that all or a specified number of any unvested ESOP Options granted to a participant which have not lapsed immediately vest if, in the opinion of the Board a change of control in relation to the Company has occurred, or is likely to occur, having regard to the participant's pro rata performance in relation to the applicable conditions up to that date. Subject to the Plan rules, the Board may in its absolute discretion, declare the vesting of an ESOP Option where the Company is wound up or passes a resolution to dispose of its main undertaking.

If there is any internal reconstruction or acquisition of the Company which does not involve a significant change in the identity of the ultimate Shareholders of the Company, the Board may declare in its sole discretion whether and to what extent ESOP Options, which have not vested by the day the reconstruction takes place, will vest.

5. DISPOSAL RESTRICTIONS

The Board may, in its sole and absolute discretion, determine whether there will be any restrictions on the disposal of, the granting (or purporting to grant) of any security interest in or over, or otherwise on dealing with (or purporting to dispose or deal with), Shares issued or transferred to any Participant under the Plan.

6. OVERRIDING RESTRICTIONS

No issue or allocation of ESOP Options and/or Shares will be made to the extent that it would contravene the Constitution, Listing Rules, the Corporations Act or any other applicable law. At all times participants must comply with any share trading policy of the Company.

7. LAPSE

An ESOP Option will immediately lapse upon the first to occur of:

- (a) the cessation of employment, engagement or office of the participant;
- (b) if the Board and the participant agrees, the day the Board makes a determination that the ESOP Options lapse;
- (c) if any applicable conditions are not achieved by the relevant time;
- (d) if the Board determines in its sole and absolute discretion that any applicable conditions have not been met and cannot be met prior to the expiry date; or
- (e) its expiry date.

Where a participant ceases to be employed or engaged by the Company and is not a "Bad Leaver" (as that term is defined in the Plan), and the ESOP Options have vested, they will remain exercisable until the ESOP Options lapse in accordance with the Plan rules or if they have not vested, the Board will determine as soon as reasonably practicable after the date the participant ceases to be employed or engaged, how many (if any) of those participant's ESOP Options will be deemed to have vested and exercisable. Where a participant becomes a

"Bad Leaver" (as that term is defined in the Plan), all ESOP Options, unvested or vested, will lapse on the date of the cessation of employment, engagement or office of that participant.

SCHEDULE 3 – ISSUES OF EQUITY SECURITIES DURING PREVIOUS 12 MONTHS

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) ¹	Form of consideration
A) Issue to Directors					
Issue – 19 February 2019 Appendix 3B – 19 February 2019	25,000,000	Unquoted Options ⁵	Directors/related parties as approved at the Shareholder meeting held on 18 February 2019	No issue price (non-cash consideration)	Consideration: Performance based remuneration for services provided to the Company. Current value ³ = \$324,380
B) Issue to Employees under an Employee Incentive Plan					
Issue – 16 January 2019 Appendix 3B – 16 January 2019	11,700,000	Unquoted Options ⁶	Employees pursuant to the employee incentive scheme approved at the Shareholder meeting held on 25 July 2016	No issue price (non-cash consideration)	Consideration: Performance based remuneration for services provided to the Company. Current value ³ = \$197,439
C) Issue of Shares on exercise of Options (where cash is paid on exercise)					
Issue – 19 July 2019 Appendix 3B – 19 July 2019	2,000,000	Shares ⁴	Holders of Unquoted Options which are exercisable at \$0.03125 on or before 17 November 2021	\$0.03125 (representing a discount to Market Price of 57%)	Amount raised = \$62,500 Amount spent = \$Nil Use of funds: General working capital Amount remaining = \$62,500 Proposed use of remaining funds ² : General working capital
D) Issue of Shares to consultants					
Issue – 10 October 2019 Appendix 3B – 10 October 2019	1,500,000	Shares ⁴	Havecoat Contractors Pty Ltd	\$0.068 (representing a discount to Market Price of 11%)	No funds raised as a result of the issue Consideration: Issued as part consideration for investor relation services.
E) Issue of Shares to consultants					
Issue – 27 September 2019 Appendix 3B – 27 September 2019	2,000,000	Unquoted Options ⁷	Gaks Investment Holdings Pty Ltd	No issue price (non-cash consideration)	Consideration: Issued as part consideration for investor relation services. Current value ³ = \$35,983

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. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
3. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.076) on the ASX on 10 October 2019. In respect of unquoted Equity Securities, the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market-based performance conditions (i.e. conditions linked to the price of Shares).
4. Fully paid ordinary shares in the capital of the Company, ASX Code: ZLD (terms are set out in the Constitution).]
5. Unquoted Options, exercisable at \$0.10,\$0.15, \$0.20, \$0.28 and \$0.30 each, on or before 19 February 2022. 15,000,000 options have vested and 10,000,000 options vest on 16 October 2020, subject to vesting conditions. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 18 February 2019.
6. Unquoted Options, exercisable at \$0.10 each, on or before 16 January 2022. 3,596,667 options have vested, 1,500,000 options vest on 21 April 2020, 3,000,000 options vest on 3 September 2020 and 1,500,000 options vest on 21 April 2021, subject to vesting conditions..2,103,333 options were cancelled as vesting conditions were not met.
7. Unquoted Options, exercisable at \$0.12 each, on or before 27 September 2020. The full terms and conditions were disclosed in Schedule 1.

SCHEDULE 4 – TERMS AND CONDITIONS OF CLASS A PERFORMANCE RIGHTS

- (a) **(Entitlement)** Each Performance Right entitles the holder (**Holder**) to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) upon satisfaction of the Milestone (defined below) and issue of the Conversion Notice (defined below) by the Holder.
- (b) **(Notice of satisfaction of Milestone)** The Company shall give written notice to the Holder promptly following satisfaction of a Milestone (defined below) or lapse of a Performance Right where the Milestone is not satisfied.
- (c) **(No voting rights)** A Performance Right does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.
- (d) **(No dividend rights)** A Performance Right does not entitle the Holder to any dividends.
- (e) **(No rights to return of capital)** A Performance Right does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) **(Rights on winding up)** A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
- (g) **(Not transferable)** A Performance Right is not transferable.
- (h) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed in a manner consistent with the applicable ASX Listing Rules and Corporations Act at the time of reorganisation.
- (i) **(Application to ASX)** The Performance Rights will not be quoted on ASX. However, the Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.
- (j) **(Participation in new issues)** A Performance Right does not entitle a Holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) **(Conversion on change of control)** Subject to paragraph (m) and notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:
 - (i) a takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or
 - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

that number of Performance Rights that is equal to not more than 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Performance Rights then on issue as well as on a pro rata basis for each Holder. Performance Rights that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

- (l) **(Deferral of conversion if resulting in a prohibited acquisition of Shares)** If the conversion of a Performance Right under paragraph (k) or (n) would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:
 - (i) Holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.
 - (ii) The Company may (but is not obliged to) by written notice to a Holder request a Holder to provide the written notice referred to in paragraph (l)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.
- (m) **(No other rights)** A Performance Right gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Rights

- (n) **(Milestone)** A Performance Right will be able to be converted into a Share by a Holder subject to the cumulative revenues from the date of issue of the Performance Rights received by the Company or its subsidiaries from US based product sales of products derived or generated from Ilera Therapeutics LLC exceeding US\$1,000,000 within five (5) years from the date of issue of the Performance Rights.
- (o) **(Conversion Notice)** A Performance Right may be converted by the Holder giving written notice to the Company (**Conversion Notice**) prior to the date that is three (3) months after the date that the Milestone is achieved. No payment is required to be made for conversion of a Performance Right to a Share.
- (p) **(Lapse)** If the Milestone is not achieved by the required date or the Conversion Notice not given to the Company by the required date, then the relevant Performance Right will automatically lapse.
- (q) **(Issue of Shares)** The Company will issue the Share on conversion of a Performance Right within 10 business days following the conversion or such other period required by the ASX Listing Rules.

- (r) **(Holding statement)** The Company will issue the Holder with a new holding statement for any Share issued upon conversion of a Performance Right within 10 business days following the issue of the Share.
- (s) **(Ranking upon conversion)** The Share into which a Performance Right may convert will rank pari passu in all respects with existing Shares.

SCHEDULE 5 – TERMS AND CONDITIONS OF CLASS B PERFORMANCE RIGHTS

- (a) **(Entitlement)** Each Performance Right entitles the holder (**Holder**) to subscribe for one fully paid ordinary share in the capital of the Company (**Share**) upon satisfaction of the Milestone (defined below) and issue of the Conversion Notice (defined below) by the Holder.
- (b) **(Notice of satisfaction of Milestone)** The Company shall give written notice to the Holder promptly following satisfaction of a Milestone (defined below) or lapse of a Performance Right where the Milestone is not satisfied.
- (c) **(No voting rights)** A Performance Right does not entitle the Holder to vote on any resolutions proposed by the Company except as otherwise required by law.
- (d) **(No dividend rights)** A Performance Right does not entitle the Holder to any dividends.
- (e) **(No rights to return of capital)** A Performance Right does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) **(Rights on winding up)** A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.
- (g) **(Not transferable)** A Performance Right is not transferable.
- (h) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed in a manner consistent with the applicable ASX Listing Rules and Corporations Act at the time of reorganisation.
- (i) **(Application to ASX)** The Performance Rights will not be quoted on ASX. However, the Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.
- (j) **(Participation in new issues)** A Performance Right does not entitle a Holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) **(Conversion on change of control)** Subject to paragraph (m) and notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of either:
 - (i) a takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or
 - (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

that number of Performance Rights that is equal to not more than 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of Performance Rights then on issue as well as on a pro rata basis for each Holder. Performance Rights that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

- (l) **(Deferral of conversion if resulting in a prohibited acquisition of Shares)** If the conversion of a Performance Right under paragraph (k) or (n) would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:
- (i) Holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.
 - (ii) The Company may (but is not obliged to) by written notice to a Holder request a Holder to provide the written notice referred to in paragraph (l)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.
- (m) **(No other rights)** A Performance Right gives the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Rights

- (n) **(Milestone)** A Performance Right will be able to be converted into a Share by a Holder subject to the Company achieving cumulative revenues from the date of issue of the Performance Rights received by the Company or its subsidiaries from US based product sales of products derived or generated from Ilera Therapeutics LLC exceeds US\$2,500,000 within five (5) years from the date of issue of the Performance Rights.
- (o) **(Conversion Notice)** A Performance Right may be converted by the Holder giving written notice to the Company (**Conversion Notice**) prior to the date that is three (3) months after the date that the Milestone is achieved. No payment is required to be made for conversion of a Performance Right to a Share.
- (p) **(Lapse)** If the Milestone is not achieved by the required date or the Conversion Notice not given to the Company by the required date, then the relevant Performance Right will automatically lapse.
- (q) **(Issue of Shares)** The Company will issue the Share on conversion of a Performance Right within 10 business days following the conversion or such other period required by the ASX Listing Rules.

- (r) **(Holding statement)** The Company will issue the Holder with a new holding statement for any Share issued upon conversion of a Performance Right within 10 business days following the issue of the Share.
- (s) **(Ranking upon conversion)** The Share into which a Performance Right may convert will rank pari passu in all respects with existing Shares.

SCHEDULE 6 – VALUATION OF PERFORMANCE RIGHTS

The Performance Rights to be issued to the Related Parties pursuant to Resolutions 5, 6 and 7 have been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the Performance Rights were ascribed the following value:

Assumptions:	
Valuation date	10 October 2019
Market price of Shares	7.6 cents
Exercise price	Nil cents
Expiry date (length of time from issue)	5 years
Risk free interest rate	0.70%
Volatility (discount)	100%
Indicative value per Related Party Option	7.59 cents
Total Value of Performance Rights	\$2,846,379
- Jason Peterson	\$948,793
- Harry Kareli	\$948,793
- Richard Hopkins	\$948,793

Note: The valuation noted above is not necessarily the market price that the Performance Rights could be traded at and is not automatically the market price for taxation purposes.