



Prospectus

Incannex Healthcare Limited ACN 096 635 246 (**Company**)

A pro-rata non-renounceable offer to Eligible Shareholders of one Loyalty Option (**Loyalty Option**) for every 15 Shares held on the Record Date to acquire one Share at an exercise price of \$0.35 (**Loyalty Option Exercise Price**) on or before 5:00pm (Melbourne time) on Friday, 22 April 2022 (**Loyalty Option Offer**)

AND

An offer to Eligible Optionholders of one further Option (**Piggyback Option**) for every 2 Loyalty Options exercised prior to the Loyalty Option Expiry Date to acquire one Share at an exercise price of \$1.00 (**Piggyback Option Exercise Price**) on or before 5:00pm (Melbourne time) on Friday, 28 April 2023 (**Piggyback Option Offer**)

This Prospectus has been prepared for the purposes of providing disclosure in respect of the issue of the Loyalty Options and the Piggyback Options to enable the issue of Shares upon the exercise of those Options without further disclosure.

IMPORTANT NOTICE

This document is important and should be read in its entirety. It is a prospectus issued pursuant to section 713 of the Corporations Act. It does not, itself, contain all the information that is generally required to be set out in a full prospectus, but refers to other documents, the information of which is deemed to be incorporated into this Prospectus.

If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Options being offered by this Prospectus should be considered speculative. The general advice provided in this Prospectus has been prepared without taking into account the specific personal circumstances of investors.

Important information

Key Offer Details

Issue Price of Loyalty Options	Nil
Issue Price of Piggyback Options	Nil
Loyalty Option Exercise Price	\$0.35 per Loyalty Option
Piggyback Option Exercise Price	\$1.00 per Piggyback Option
Number of Loyalty Options to be issued	80,205,177
Maximum number of Piggyback Options to be issued	40,102,589 *
Maximum number of Shares to be issued following exercise of Loyalty Options and Piggyback Options	120,307,766 **
Loyalty Options Expiry Date	5:00pm (Melbourne time) on Friday, 22 April 2022
Piggyback Options Expiry Date	5:00pm (Melbourne time) on Friday, 28 April 2023

* Assuming all Loyalty Options are exercised (not accounting for rounding)

** Assuming all Loyalty Options and all Piggyback Options are exercised

Indicative Timetable

Announcement of Loyalty Option Offer	Friday, 18 March 2022
Record Date for Loyalty Option	7:00pm (Melbourne time) on Friday, 25 March 2022
Lodgement of Prospectus with ASIC	Tuesday, 29 March 2022
Lodgement of Prospectus and Appendix 3B with ASX	Tuesday, 29 March 2022
Issue of Loyalty Options and despatch of new holding statements	Thursday, 31 March 2022
Loyalty Option Offer Closing Date	Thursday, 31 March 2022
Loyalty Options Expiry Date	5:00pm (Melbourne time) on Friday, 22 April 2022
Issue of Shares on the exercise of Loyalty Options and despatch of new holding statements	Friday, 29 April 2022
Issue of Piggyback Options and despatch of new holding statements	Monday, 9 May 2022
Piggyback Options Expiry Date	5:00pm (Melbourne time) on Friday, 28 April 2023
Issue of Shares on the exercise of Piggyback Options and despatch of new holding statements	Within 20 business days of the Company receiving a Piggyback Option Exercise Notice and payment of the Piggyback Option Exercise Price in cleared funds

All dates may change without prior notice and accordingly are indicative only. The Company reserves the right to amend this indicative timetable subject to the Corporations Act and the ASX Listing Rules. Further details regarding the timetable for the Offer are set out in Section 2.2.

The Company does not intend to apply for the Loyalty Options offered under this Prospectus to be listed for quotation on the ASX. The Company also does not intend to apply for the Piggyback Options offered under this Prospectus to be listed for quotation on the ASX.

Important notices

General

This Prospectus is dated Tuesday, 29 March 2022 and a copy of this Prospectus was lodged with ASIC on that date. ASIC, ASX and its officers, respectively, take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Company will apply to ASX for the new Shares to be granted quotation on ASX.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

To the extent that statements in this Prospectus constitute statements relating to intentions, future acts and events, such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or implicitly portrayed in this Prospectus.

Continuously quoted securities

This Prospectus is a transaction specific prospectus for an offer of shares and options that are in a class of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with sections 711, 713, 715A and 716 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus, regard has been given to the fact that the Company is a 'disclosing entity' for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Overseas Applicants / Foreign Shareholders

This document does not constitute an offer of Options in any jurisdiction in which it would be unlawful. Options may not be offered or sold in any country outside Australia except to the extent permitted below.

The Company has decided that it is unreasonable to issue Options under the Offer to Shareholders with registered addresses outside of Australia or New Zealand having regard to the number of Shareholders in those places, the number of Options they would be issued and the cost of complying with the legal and regulatory requirements in those places. Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by, and no Options will be issued to Shareholders having registered addresses outside of Australia or New Zealand.

The distribution of this Prospectus in jurisdictions outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with restrictions might constitute a violation of applicable securities laws.

See Section 2.6 for further information on Offer restrictions with respect to shareholders who do not have registered addresses in Australia.

Shareholders resident in New Zealand

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This Offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Professional advice

This Prospectus does not take into account the investment objectives, financial situation and particular needs of any person. Professional advice should be obtained before deciding to invest in any securities the subject of this Prospectus. No cooling off period applies. The Company is not licensed to provide financial product advice.

Forward looking statements

Some of the information contained in this Prospectus constitutes forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'should', 'will', 'expects', 'plans' or similar expressions. These statements discuss future objectives or expectations concerning results of operations or financial conditions or provide other forward-looking information. The Company's actual results, performance or achievements could be significantly different from the results or objectives expressed in, or implied by, those forward-looking statements. This Prospectus details some important factors that could cause the Company's actual results to differ from the forward-looking statements made in this Prospectus.

Acceptance of Offer

Loyalty Options

Eligible Shareholders do not need to do anything to apply for or accept Loyalty Options. Loyalty Options will be issued to Eligible Shareholders on Thursday, 31 March 2022 in accordance with the procedure set out in Section 0.

If you intend to exercise any or all of your Loyalty Options, the Company must receive your Loyalty Option Exercise Notice by the Loyalty Option Expiry Date.

Piggyback Options

Piggyback Options will be issued to Eligible Optionholders after the Loyalty Option Expiry Date. The Company will issue to Eligible Optionholders 1 Piggyback Option for every 2 Loyalty Options exercised prior to the Loyalty Option Expiry Date.

If you intend to exercise any or all of your Piggyback Options, the Company must receive your Piggyback Option Exercise Notice by the Piggyback Option Expiry Date.

Enquiries

If you have questions in relation to the Shares upon which your Entitlement has been calculated please call the Share Registry by phone on 1300 288 664 or +61 8 9324 2099 or by email at hello@automic.com.au.

Currency

Money as expressed in this Prospectus is in Australian dollars unless otherwise indicated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

Time

All references to time in this Prospectus are references to Melbourne time, unless otherwise stated.

Definitions and Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the Definitions and Glossary in Section 0.

Table of Contents

IMPORTANT INFORMATION	2
IMPORTANT NOTICES	3
CHAIRMAN'S LETTER	7
1 INVESTMENT SUMMARY & FREQUENTLY ASKED QUESTIONS	9
2 DETAILS OF THE OFFER	18
2.1 Offer to Eligible Shareholders.....	18
2.2 Important dates.....	18
2.3 No ASX listing/quotation.....	19
2.4 CHESS.....	19
2.5 Existing Optionholders.....	19
2.6 International Offer Restrictions.....	19
3 EFFECT OF THE OFFER ON THE COMPANY	20
3.1 Financial position.....	21
3.2 Capital structure.....	21
4 RISK FACTORS	23
4.1 Introduction.....	23
4.2 General Risks.....	23
4.3 Risks specific to the Loyalty Options.....	25
4.4 Risks specific to the Piggyback Options.....	25
4.5 Risks specific to the Shares.....	25
4.6 Risks specific to an investment in the Company.....	25
5 RIGHTS AND LIABILITIES ATTACHING TO SECURITIES	29
5.1 Rights attaching to Loyalty Options.....	29
5.2 Rights attaching to Piggyback Options.....	30
5.3 Rights and liabilities attaching to Shares.....	31
6 ADDITIONAL INFORMATION	33
6.1 Continuous disclosure obligations.....	33
6.2 Company announcements.....	34
6.3 Proposed acquisition of APIRx Pharmaceuticals, LLC.....	34
6.4 Litigation.....	35
6.5 Directors' interests.....	35
6.6 Directors' fees and remuneration.....	35
6.7 Related party transactions.....	36
6.8 Interests of experts and advisers.....	36
6.9 Consents.....	37
6.10 Broker handling fees.....	37
6.11 Taxation.....	37
6.12 Privacy disclosure statement.....	37
6.13 Information excluded from continuous disclosure notices.....	38
6.14 Determination by ASIC.....	38
6.15 Electronic Prospectus.....	38
6.16 Expenses of the Offer.....	38
6.17 Authorisation.....	38
7 DEFINITIONS AND GLOSSARY	39
8 CORPORATE DIRECTORY	41

Chairman's Letter

29 March 2022

Dear Shareholder

On behalf of the directors of Incannex Healthcare Limited (**Company**), I am pleased to provide to you this Offer, being a pro-rata non-renounceable issue to Eligible Shareholders of one Loyalty Option for every 15 Shares held on the Record Date (**Loyalty Option Offer**). Under this Prospectus, the Company is also offering Eligible Optionholders a further Option (the Piggyback Option) for every 2 Loyalty Options exercised by the Eligible Optionholder prior to the Loyalty Option Expiry Date (**Piggyback Option Offer**).

The Loyalty Options are being issued to you for no consideration, and if you exercise any Loyalty Options such that you become entitled to receive Piggyback Options, these will also be issued to you for no consideration.

The Company has a remarkable base of Shareholders. You understand our Company, our clinical programs and our high ambitions. The Options offered to you under this Prospectus are intended to reward our loyal Shareholders while simultaneously assisting the Company with our funding requirements for the next phase of development. Our research is highly focused on completing the clinical trials necessary to commercialise our sophisticated cannabinoid and psychedelic medicines developed for prescription or administration by health professionals.

The Board recommends that you read this Prospectus in its entirety and consider the information it contains before making a decision to deal in the Shares and/or the Loyalty Options.

Under the Loyalty Options Offer, the Loyalty Options will be issued to Eligible Shareholders on the basis of one Loyalty Option for every 15 Shares held on the Record Date. Importantly, Eligible Shareholders do not need to take any action in order to receive their Loyalty Options. Each Loyalty Option provides Eligible Shareholders with the opportunity, but not the obligation, to apply for additional Shares in the Company at the exercise price of \$0.35 per Share (for each Loyalty Option) before the Loyalty Option Expiry Date.

Under the Piggyback Options Offer, Piggyback Options will be issued to Eligible Optionholders after the Loyalty Option Expiry Date. An Eligible Optionholder is an Eligible Shareholder who has exercised Loyalty Options before the Loyalty Option Expiry Date.

The Company will issue to Eligible Optionholders one Piggyback Option for every 2 Loyalty Options exercised prior to the Loyalty Option Expiry Date. Following the exercise of a Loyalty Option, Eligible Optionholders do not need to take any further action in order to receive their Piggyback Options. Each Piggyback Option provides Eligible Optionholders with the opportunity, but not the obligation, to apply for an additional Share in the Company at the exercise price of \$1.00 per Piggyback Option before the Piggyback Option Expiry Date.

As the Loyalty Options will be issued for nil consideration, no funds will initially be raised from the Offer. If the maximum number of Loyalty Options are issued and then exercised, then the Company will raise approximately \$28.1 million (before Offer costs). If the maximum number of Piggyback Options are accordingly issued and then exercised, the Company will raise an additional \$40.1 million (approximate). The funds that are raised from the exercise of Options will be used to drive the Company's development phase with its clinical trials.

The Loyalty Option Offer is non-renounceable and therefore the Loyalty Options will not be tradeable on ASX or Nasdaq or privately. Similarly, any Piggyback Options you receive following the exercise of your Loyalty Options are non-transferrable.

The Board takes this opportunity to thank all Shareholders for their ongoing support of the Company.

Yours sincerely

Mr Troy Valentine
Chairman

1 Investment summary & frequently asked questions

This Section provides an overview of key information in this Prospectus.

Accordingly, the information set out in this Section is not intended to be comprehensive and should be read in conjunction with the full text of this Prospectus.

Topic	Details	Where to find more information
What is the Offer?	<p>This Prospectus relates to:</p> <p>(1) the pro-rata non-renounceable issue, for no consideration, to Eligible Shareholders of 1 Loyalty Option for every 15 Shares held on the Record Date. Each Loyalty Option entitles the Eligible Shareholder to apply for 1 new Share at a the Loyalty Option Exercise Price;</p> <p>and</p> <p>(2) the issue to Eligible Optionholders, for no consideration, of 1 Piggyback Option for every 2 Loyalty Options exercised. Each Piggyback Option entitles the Eligible Optionholder to apply for 1 new Share at the Piggyback Option Exercise Price,</p> <p>(together, the Offer).</p>	Section 2.1
Who can participate?	<p>The Company has invited Eligible Shareholders to participate in the Loyalty Option Offer. An Eligible Shareholder is an Australian or New Zealand resident Shareholder, registered as such on the Record Date.</p> <p>The Company will invite Eligible Optionholders to participate in the Piggyback Option Offer. An Eligible Optionholder is an Eligible Shareholder that has exercised Loyalty Options.</p>	Section 2.1
What if I am an Ineligible Shareholder because I am a Shareholder with a registered address in the Company's register outside of Australia and New Zealand?	<p>The Offer is not being extended to, and no Options will be issued to Ineligible Shareholders under this Prospectus.</p>	Section 2.6

<p>What is the purpose of the Offer?</p>	<p>The Company is undertaking this Offer with the objective of providing long-term supportive Shareholders a potential benefit of greater exposure to the potential future success of the Company.</p> <p>The purpose of the Offer is to reward Shareholders for continuing to support the Company and to provide the Company with a potential source of additional capital if the Loyalty Options (and Piggyback Options) are exercised.</p> <p>A dual purpose of the Offer is to assist the Company with its funding requirements for the next phase of development. Our research is highly focused on completing the clinical trials necessary to commercialise our sophisticated cannabinoid and psychedelic medicines developed for prescription or administration by health professionals.</p>	<p>Chairman's Letter</p>
<p>Are the Options transferrable?</p>	<p>No.</p> <p>The Offer is non-renounceable, which means that you cannot transfer any of your Loyalty Options. It also means that the Loyalty Options will not be quoted on ASX.</p> <p>If you do not exercise your Loyalty Options before the Loyalty Option Expiry Date, these Loyalty Options will lapse and you will not be issued any Piggyback Options.</p> <p>If you do exercise your Loyalty Options, you will receive Piggyback Options on the basis of 1 Piggyback Option for every 2 Loyalty Options that are exercised. These Piggyback Options are not transferrable. If you do not exercise your Piggyback Options before the Piggyback Option Expiry Date, these Piggyback Options will lapse.</p>	<p>Sections 2.3 and 5</p>
<p>How do I exercise my Loyalty Options and Piggyback Options?</p>	<p>You will receive a personalised Loyalty Option Exercise Notice. In order to exercise your Loyalty Options, you must complete and return the Loyalty Options Exercise Notice to the Share Registry, with payment of the Loyalty Option Exercise Price for each Loyalty Option exercised, by the Loyalty Option Expiry Date.</p> <p>If you exercise your Loyalty Options then you will also be granted Piggyback Options. At the time you are granted Piggyback Options, you will also</p>	<p>Section 5</p>

	<p>receive a personalised Piggyback Option Exercise Notice. In order to exercise your Piggyback Options, you must complete and return the Piggyback Option Exercise Notice to the Share Registry, with payment of the Piggyback Option Exercise Price for each Piggyback Option exercised, by the Piggyback Option Expiry Date.</p>	
<p>Must I exercise my Options?</p>	<p>No.</p> <p>You do not need to exercise any or all of your Options. Any Options granted to you that are not exercised before the relevant expiry date will lapse.</p> <p>If you do not intend to exercise any of your Options, you do not need to take any further action.</p>	<p>Section 5</p>
<p>What are the key risks associated with an investment in the Company?</p>	<p>Some of the key risks associated with an investment in the Company are summarised below.</p> <p>These risks are outlined in greater detail in Section 4 alongside other general risks applicable to all investments in listed securities. All of these risks may affect the value of the Shares in the future.</p> <p>The Options being offered by this Prospectus and any Shares issued on their exercise should be considered speculative. The general advice provided in this Prospectus has been prepared without taking into account the specific personal circumstances of investors.</p> <ul style="list-style-type: none"> • Intellectual Property: The Company may be forced to litigate, to enforce or defend its intellectual property rights against infringement and unauthorised use by competitors, and to protect our trade secrets. In so doing, the Company's intellectual property may be put at risk of being invalidated, unenforceable, or limited or narrowed in scope. • Medicinal cannabis industry in Australia: The medicinal cannabis industry in Australia is still in its infancy so many significant risks may arise. These risks include delays in the grant or variation of various licences and permits that can impact timeframes and the ability to generate revenue. There are also uncertainties associated with the medicinal cannabis legislative regime in Australia. There is a risk that a regulatory body could, in the future, 	<p>Section 4</p>

	<p>change the application of these laws which may adversely impact the Company. Despite cannabis having been legalised for medical use, cannabis continues to be categorised as a controlled substance and violations could result in significant civil or criminal fines and penalties, as well as potentially losing any licenses issued. Any such sanction would adversely affect the operation and financial performance of the business.</p> <ul style="list-style-type: none">• Psychedelic medicine industry in Australia: The industry of psychedelic medicine in Australia is also in its infancy (and even more so than the medicinal cannabis industry) and so very significant risks may arise in this respect. These risks include the risk that relevant licences are never obtained or that, even if obtained, there are significant delays in the grant of such licences. These can impact timeframes and the ability to generate revenue.• Proposed acquisition of APIRx: On 24 March 2022, the Company announced its proposed acquisition of APIRx. The proposed acquisition is subject to a number of conditions, including the execution of long form transaction documentation and the approval of Shareholders in general meeting. There can be no guarantee that these conditions will be satisfied and therefore, there is a risk that the acquisition may not proceed. <p>Further, if the acquisition does proceed, there is a risk that APIRx's projects cannot be suitably developed, for any number of reasons. In these circumstances, it is possible that the acquisition may not lead to the outcomes that the Directors believe are currently achievable. There is also a risk that the development of APIRx's projects may be more expensive than currently contemplated by the Directors. While the Directors will seek to protect the Company's interests through the negotiation of detailed representations, warranties and indemnities in the long form transaction documentation, there is a risk that the acquisition of APIRx may not be a success. This may have an adverse effect on the Company's value and its asset position and profitability and prospects.</p>	
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	<ul style="list-style-type: none">• Changes in laws and regulations: The Company's operations are subject to various laws, regulations and guidelines in Australia and territories the Company proposes to operate, or to export to, including laws and regulations relating to health and safety, conduct of operations and the production, management, transportation, storage and disposal of products and of certain material used in operations. Changes to these laws or regulations could negatively affect the Company's competitive position within the industry and the markets in which it operates, and there is no assurance that various levels of government in the jurisdictions in which the Company operates will not pass legislation or regulation that adversely impacts the business. The effect of the administration, application and enforcement of the regimes established on the business in Australia and overseas, or the administration, application and enforcement of the laws of other countries by the appropriate regulators in those countries, may significantly delay or impact the Company's ability to participate in the global market.• Acceptance of the efficacy of medicinal cannabis products and psychedelic medicines: Research in Canada, the United States and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids remains in relatively early stages. There have been few clinical trials on the benefits of cannabis or isolated cannabinoids that have been completed, by anyone. The same applies with respect to clinical trials and research on psychedelic medicines. Future research and clinical trials may draw opposing conclusions to statements contained in existing publications, or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to medicinal cannabis and/or psychedelic medicines, which could adversely affect their social acceptance, including acceptance by the medical community, and the demand for the Company's products.• Risks associated with clinical trials: Clinical	
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	<p>trials are expensive, time consuming and difficult to design and implement. With respect to the Company's clinical trials, these are expected to continue for several years and may take significantly longer to complete. There is no guarantee that the outcomes of the Company's clinical trials will be successful. Further, regulatory authorities may suspend, delay or terminate the clinical trials at any time for various reasons which could have a material adverse effect on the Company's business, results of operations and financial conditions.</p> <ul style="list-style-type: none">• Reliance on key personnel and consultants: The Company is largely dependent on the performance of its management team and certain highly qualified employees, including scientists and other research and development personnel, sales personnel and the Company's continuing ability to attract and retain such employees. The Company is also dependent on its ability to recruit and retain suitably qualified personnel. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of any such personnel, or an inability to attract other suitably qualified persons when needed, could prevent the Company from executing on the business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. There are a limited number of persons with the requisite knowledge of the cannabis industry and relevant experience.• Additional requirements for capital: The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its development and research programmes as the case may be. There is no guarantee that the Company will be able to secure any additional	
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	<p>funding or be able to secure funding on terms favourable to the Company.</p> <ul style="list-style-type: none">• Competition: The pharmaceutical, nutraceutical and psychedelic industries are highly competitive and subject to rapid change. The industries continue to expand and evolve as an increasing number of competitors and potential competitors enter the market. Many of these competitors and potential competitors have substantially greater financial, technological, managerial and research and development resources and experience than the Company. Some of these competitors and potential competitors have similar or more experience than the Company in the development of pharmaceutical products, including validation procedures and regulatory matters. In addition, the products of the Company compete with product offerings from large and well-established companies that have greater marketing and sales experience and capabilities than we or our future collaboration partners may have. If the Company is unable to compete successfully, it may be unable to generate, grow and sustain its revenue.• Share market risk: The market price of listed securities can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the resources sector and exploration companies in particular. The Shares issued upon the exercise of the Options carry no guarantee in respect of profitability, dividends, return on capital or the price at which they may trade on ASX. There are a number of factors (both national and international) that may affect the share market price and neither the Company nor its Directors have control of those factors.• Risks specific to the Loyalty Options: Loyalty Options entitle an Eligible Shareholder to apply for a Share at the Loyalty Option Exercise Price. As Shares are readily available on the market, a Loyalty Option has material value only if it allows its holder to acquire a Share for a price less than the holder can acquire the Share on-market. On 25 March 2022, the Shares were trading at a price of approximately \$0.64. Therefore, the Loyalty	
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	<p>Options are currently 'in the money', however, there can be no guarantee that this will persist for the duration of the exercise period for the Loyalty Options.</p> <ul style="list-style-type: none"> • Risks specific to the Piggyback Options: Piggyback Options entitle an Eligible Optionholder to apply for a Share at the Piggyback Option Exercise Price. Similar to Loyalty Options, because Shares are readily available on the market, a Piggyback Option has material value only if it allows its holder to acquire a Share for a price less than the holder can acquire the Share on-market. The Piggyback Options are currently 'out of the money', which means that the risk referred to above is currently being realised. There can be no guarantee that the Piggyback Options will ever be 'in the money' at any time before the exercise period for Piggyback Options ends. 	
<p>What are the key dates of the Offer?</p>	<p>Record Date: 7:00pm (Melbourne time) on Friday, 25 March 2022</p> <p>Issue Date of Loyalty Options: Thursday, 31 March 2022</p> <p>Loyalty Options Expiry Date: 5:00pm (Melbourne time) on Friday, 22 April 2022</p> <p>Piggyback Options Expiry Date: 5:00pm (Melbourne time) on Friday, 28 April 2023</p>	<p>Section 2.2</p>
<p>How much is sought to be raised under the Offer?</p>	<p>No funds will be raised from the issue of the Loyalty Options under this Prospectus. However, if all the Loyalty Options are exercised, the Company will raise approximately \$28.1 million (before Offer costs).</p> <p>If all the Piggyback Options are issued and exercised then the Company will raise an additional \$40.1 million (approximate).</p> <p>However, the Offer is not underwritten. Therefore, there is no guarantee that any minimum amount will be raised under the Offer and no way for the Company to be confident about how much might be raised under the Offer.</p>	<p>Section 3</p>

What is the effect of the Offer on control of the Company?	The Offer is not expected to have any material impact on control of the Company.	Section 3.2
What are the rights and liabilities attaching to the Options and the Shares issued on the exercise of the Options?	A summary of the material rights and liabilities attaching to the Loyalty Options, the Piggyback Options and the Shares issued on the exercise of the Options are set out in Section 5. Any Shares issued on the exercise of the Options will rank equally with all existing Shares.	Section 5

2 Details of the Offer

2.1 Offer to Eligible Shareholders

The Directors of Incannex have approved an offer for:

- (a) the pro-rata non-renounceable issue, for no consideration, to Eligible Shareholders of one Loyalty Option for every 15 Shares held by it on the Record Date to acquire one Share at the Loyalty Option Exercise Price on or before the Loyalty Option Expiry Date; and
- (b) the issue to Eligible Optionholders (being those Eligible Shareholders who have exercised Loyalty Options), for no additional consideration, of one Piggyback Option for every 2 Loyalty Options exercised by it to acquire one Share at the Piggyback Option Exercise Price on or before the Piggyback Option Expiry Date.

No funds will be raised from the grant of the Loyalty Options under to this Prospectus. However, if the maximum number of Loyalty Options are exercised, the Company will raise approximately \$28.1 million (before Offer costs).

The Piggyback Options are contingent on the exercise of the Loyalty Options. In this regard, for every 2 Loyalty Options exercised, the relevant Shareholder is entitled to receive 1 Piggyback Option. If all Loyalty Options are exercised, such that 40.85 million Piggyback Options are issued, and all of these Piggyback Options are exercised, the Company will raise \$40.1 million (approximate) in additional funds.

Only Eligible Shareholders will be entitled to participate in the Offer.

All Options offered under this Prospectus will be issued on the terms and conditions set out in Section 5. All Shares issued on the exercise of the Options will rank equally with the Shares on issue as at the date of this Prospectus.

2.2 Important dates

The dates set out in this table are subject to change and are indicative only. The Company reserves the right to alter this timetable at any time.

Announcement of Loyalty Option Offer	Friday, 18 March 2022
Record Date for Loyalty Options	7:00pm (Melbourne time) on Friday, 25 March 2022
Lodgement of Prospectus with ASIC	Tuesday, 29 March 2022
Lodgement of Prospectus and Appendix 3B with ASX	Tuesday, 29 March 2022
Issue of Loyalty Options and despatch of new holding statements	Thursday, 31 March 2022
Loyalty Option Offer Closing Date	Thursday, 31 March 2022
Loyalty Options Expiry Date	5:00pm (Melbourne time) on Friday, 22 April 2022
Issue of Shares on the exercise of Loyalty Options and despatch of new holding statements	Friday, 29 April 2022
Issue of Piggyback Options and despatch of new holding statements	Monday, 9 May 2022
Piggyback Options Expiry Date	5:00pm (Melbourne time) on Friday, 28 April 2023
Issue of Shares on the exercise of Piggyback Options and despatch of new holding statements	Within 20 business days of the Company receiving a Piggyback Option Exercise Notice and payment of the Piggyback Option Exercise Price in cleared funds

The Directors, subject to the requirements of the ASX Listing Rules and the Corporations Act, reserve the right to:

- (a) withdraw the Offer without prior notice; or
- (b) vary any of the important dates set out in this Offer, including extending the Offer.

2.3 **No ASX listing/quotation**

None of the Loyalty Options or Piggyback Options will be quoted on ASX and none of the Loyalty Options or Piggyback Options are otherwise transferrable.

2.4 **CHESS**

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Eligible Shareholders will not receive a certificate but will receive a statement of their holding of Loyalty Options.

If you are broker sponsored, ASX Settlement Pty Limited will send you a CHESS statement.

The CHESS statement will specify the number of Loyalty Options issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Loyalty Options.

If you are registered on the Issuer Sponsored sub-register, your statement will be despatched by Automic and will contain the number of Loyalty Options issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to holders at the end of any calendar month during which the balance of their holding changes. Optionholders may request a statement at any other time, however, a charge may be made for additional statements.

2.5 **Existing Optionholders**

Existing Optionholders will not be entitled to participate in the Offer unless they:

- (a) have become entitled to exercise their Existing Options under the terms of their issue and do so prior to the Record Date; and
- (b) participate in the Offer as a result of being an Eligible Shareholder on the Record Date.

2.6 **International Offer Restrictions**

This Prospectus and accompanying forms do not, and are not intended to, constitute an offer of Options in any place outside of Australia or New Zealand in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer or that Form.

The distribution of this Prospectus in places outside of Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe those restrictions. Any failure to comply with those restrictions may violate applicable securities laws.

The Company has decided that it is unreasonable to make offers under this Prospectus to Shareholders with registered addresses outside of Australia and New Zealand (**Ineligible Shareholders**) having regard to the number of Shareholders in those places, the number and value of the Options they would be offered and the legal and regulatory requirements in those places and costs of complying with those requirements.

Accordingly, the Offer is not being extended to, and does not qualify for distribution or sale by Ineligible Shareholders and no Options will be issued to Ineligible Shareholders under this Prospectus.

In particular this Offer is not made in the United States or to persons (including nominees or custodians) acting for the account or benefit of a person in the United States, or to any person who is ineligible under applicable securities laws in any country to receive an offer under the Prospectus without any requirement for a prospectus to be lodged or registered.

Shareholders resident in New Zealand

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This Offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of a financial advice provider.

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

3 Effect of the Offer on the Company

The principal and immediate effect of the Offer, assuming all the Loyalty Options offered under the Prospectus are issued, will be to issue a maximum of 81,700,000 Loyalty Options. Under the Piggyback Options Offer, the Company will also be issuing Piggyback Options upon the exercise of any Loyalty Options.

3.1 Financial position

The Loyalty Options to be issued pursuant to this Prospectus will be issued for nil consideration. Accordingly, there will be no immediate effect on the Company's balance sheet. However, capital will be raised if the Loyalty Options are exercised. This will affect the Company's balance sheet, by adding to the Company's total assets, net assets and cash position.

If the maximum number of Loyalty Options are issued and then exercised, then the Company will raise approximately \$28.1 million (before Offer costs). If the maximum number of Piggyback Options are accordingly issued and then exercised, the Company will raise an additional \$40.1 million (approximate). The funds that are raised from the exercise of Options will be used to drive the Company's development phase with its clinical trials.

However, as the exercise of Options is not underwritten in any way, the Company is not able to specify with any certainty the extent of any change to the balance sheet given the uncertainty around the number of Loyalty Options and Piggyback Options to ultimately be issued and exercised.

The Company's Annual Report for the financial year ended 30 June 2021 was released to ASX on 7 September 2021. The Annual Report can be viewed at www.asx.com.au (ASX:IHL).

The Company's Half Yearly Report and Accounts for the financial half year ended 31 December 2021 was released to ASX on 28 February 2022. These financial statements can be viewed at <https://app.sharelinktechnologies.com/announcement/asx/5aaba932b097cebb25123b761a9af668> and at www.asx.com.au (ASX:IHL).

Additional information, including copies of ASX releases and investor presentations, is also available on the Company's website: <http://www.incannex.com.au/>.

3.2 Capital structure

The effect of the Offer on the capital structure of the Company is set out below:

(a) Shares

As a direct result of the Offer, there will be no change to the number of Shares on issue as at the Record Date. If the maximum number of Loyalty Options are exercised, the number of Shares on issue will increase by approximately 81,700,000 Shares. If the maximum number of Piggyback Options are issued and subsequently exercised, the number of Shares on issue will increase by an additional 40,850,000 Shares (approximate).

(b) Options

As at the date of this Prospectus, the Company has the following Existing Options on issue:

No of Options Issued	Unlisted / Listed	Exercise Price	Expiry Date
9,500,000	Unlisted	\$0.15	20 November 2023
8,650,000	Unlisted	\$0.20	20 November 2023
20,000,000	Unlisted	\$0.25	20 November 2023
1,500,000	Unlisted	\$0.05	30 June 2025
1,500,000	Unlisted	\$0.05	30 June 2026
1,500,000	Unlisted	\$0.05	30 June 2027

(c) Change in control

The Offer is a pro-rata offer so that if:

- (i) all Eligible Shareholders exercise their Loyalty Options;

- (ii) all Eligible Optionholders exercise their Piggyback Options; and
- (iii) none of the Existing Optionholders exercise their Existing Options,

then the voting power of all Eligible Shareholders will remain the same. In that event, there will be no actual or potential effect or consequences arising from the Offer on the control of the Company. If an Eligible Shareholder does not exercise their Loyalty Options or Piggyback Options it will likely result in their percentage holding in the Company and the holdings of those Ineligible Shareholders in the Company are also likely to be diluted.

While the final percentage interests held by Shareholders is entirely dependent on the extent to which they are Eligible Shareholders and to the extent to which they and other Eligible Shareholders exercise their Loyalty Options and Piggyback Options, the Company expects that the potential effect of the issue of Loyalty Options and Piggyback Options under the Offer on the control of the Company will be minimal and not material.

4 Risk factors

4.1 Introduction

This Section 4 identifies the risks that the Board considers are the major risks associated with an investment in the Company.

The Company's business is subject to a high degree of risk due to a number of factors, both specific to its business activities, and risks of a general nature. Individually, or in combination, these might affect the future operating performance of the Company and the value of an investment in the Company.

The Directors strongly recommend that prospective investors consider the risk factors set out in this Section 4, together with all other information contained in this Prospectus.

The Loyalty Options and the Piggyback Options offered under this Prospectus (and any Shares issued upon their exercise) should be considered highly speculative and an investment in the Company is not risk free. The Directors strongly recommend that potential investors consult their professional advisers and consider the risks described below, together with information contained elsewhere in this Prospectus, before deciding whether to exercise their Loyalty Options.

The following list of risks ought not to be taken as exhaustive of all the risks faced by the Company or by Shareholders. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be managed and mitigated by planning and the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company or the Directors and cannot be mitigated.

Neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantees that any specific objectives of the Company will be achieved or that any particular performance of the Company or of its Shares will be achieved.

4.2 General Risks

A summary of the major general risks are described below:

(a) Share market risk

The market price of listed securities can be expected to rise and fall in accordance with general market conditions and factors specifically affecting the resources sector and exploration companies in particular. The Shares issued upon the exercise of the Options carry no guarantee in respect of profitability, dividends, return on capital, or the price at which they may trade on ASX.

There are a number of factors (both national and international) that may affect the share market price and neither the Company nor its Directors have control of those factors.

(b) Operational risk

The Company's operations may be affected by various factors including:

- (i) unanticipated operational and technical difficulties encountered;
- (ii) failure of operating equipment, fire, accidents, industrial disputes;
- (iii) risk that development and operating costs prove to be greater than expected;
- (iv) failure to obtain and maintain the relevant licenses and permits and approvals needed to continue to undertake the Company's clinical trials;
- (v) failure of the Company's clinical trials to achieve their objectives in terms of arriving at a clinical breakthrough;

- (vi) failure to achieve market penetrations; and
- (vii) prevention and or restriction of market penetration through the inability to obtain regulatory and other consents and approvals.

(c) **General economic conditions**

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's business activities and potential research and development programs, as well as on their ability to fund those activities.

These factors are beyond the control of the Company and the Company cannot, with any degree of certainty, predict how they will impact on the Company.

(d) **Share price fluctuations**

The market price of the Company's securities will be subject to varied and often unpredictable influences in the share market. Both domestic and world economic conditions may affect the performance of the Company.

(e) **Legislative change**

Changes in government regulations and policies may adversely affect the financial performance or the current and proposed operations of the Company (including the Company's research and development programs).

(f) **Litigation risks**

The Company is exposed to possible litigation risks including, but not limited to, intellectual property claims. Further, the Company may be involved in disputes with other parties in the future, which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(g) **Dependence on outside parties**

The Company may pursue a strategy that forms strategic business relationships with other organisations in relation to potential products. There can be no assurance that the Company will be able to attract such prospective organisations and to negotiate appropriate terms and conditions with these organisations or that any potential agreements with such organisations will be complied with.

(h) **COVID-19**

The global economic outlook remains highly uncertain due to the current COVID-19 pandemic. The outbreak of COVID-19 has resulted in the implementation of significant governmental measures, including lockdowns, closures, quarantines, and travel bans, intended to control the spread of the virus.

The COVID-19 pandemic may prevent the Company, its suppliers, customers, and other business partners from conducting business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities. Such measures taken in response to COVID-19 may adversely impact the Company's operations and are likely to be beyond the control of the Company.

The outbreak of COVID-19 is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to update the market regarding the impact of COVID-19 on its revenue channels and any other material adverse impacts on the Company.

4.3 Risks specific to the Loyalty Options

Loyalty Options entitle an Eligible Shareholder to apply for a Share at the Loyalty Option Exercise Price. As Shares are readily available on the market, a Loyalty Option has material value only if it allows its holder to acquire a Share for a price less than the holder can acquire the Share on-market. On 25 March 2022, the Shares were trading at a price of approximately \$0.64. Therefore, the Loyalty Options are currently 'in the money', however, there can be no guarantee that this will persist for the duration of the exercise period for the Loyalty Options.

4.4 Risks specific to the Piggyback Options

Piggyback Options entitle an Eligible Optionholder to apply for a Share at the Piggyback Option Exercise Price. Similar to Loyalty Options, because Shares are readily available on the market, a Piggyback Option has material value only if it allows its holder to acquire a Share for a price less than the holder can acquire the Share on-market.

The Piggyback Options are currently 'out of the money', which means that the risk referred to above is currently being realised. There can be no guarantee that the Piggyback Options will ever be 'in the money' at any time before the exercise period for the Piggyback Options ends.

4.5 Risks specific to the Shares

If the Loyalty Options and the Piggyback Options are exercised, their relevant holders will be issued with new Shares. This will increase these Shareholders exposure to the Company and its Shares.

IHL, being a company listed on ASX, is subject to the market forces that influence broad share market trends and the price of securities of individual companies. Recent global political and economic events, including the Russia-Ukraine war, the ongoing issues caused by the COVID-19 pandemic, the upcoming Australian federal election and the global financial climate, may cause share price fluctuations in the Australian share market and globally.

Fluctuations in the price of the Shares are therefore a key risk for recipients of the Loyalty Options and the Piggyback Options.

4.6 Risks specific to an investment in the Company

In addition to the general market and economic risks noted in Section 4.2, Shareholders should be aware of risks specific to an investment in the Company, which may include, but are not limited to the risks described below:

(a) Intellectual Property Rights

The Company may be forced to litigate, to enforce or defend its intellectual property rights against infringement and unauthorised use by competitors, and to protect our trade secrets. In so doing, the Company's intellectual property may be put at risk of being invalidated, unenforceable, or limited or narrowed in scope.

Further, an adverse result in any litigation or defence proceedings may place pending applications at risk of non-issuance. In addition, if any licensor fails to enforce or defend their intellectual property rights, this may adversely affect the Company's ability to develop and commercialise the Company's current and future products and prevent competitors from making, using, and selling competing products. Any such litigation could be very costly and could distract management from focusing on operating the Company's business. Further, because the content of much of the Company's intellectual property

concerns cannabis, psychedelic and other activities that are not legal in some state jurisdictions, the Company may face additional difficulties in defending our intellectual property rights.

(b) **Medicinal cannabis industry in Australia**

The medicinal cannabis industry in Australia is still in its infancy so many significant risks may arise. These risks include delays in the grant or variation of various licences and permits that can impact timeframes and the ability to generate revenue. There are also uncertainties associated with the medicinal cannabis legislative regime in Australia. There is a risk that a regulatory body could, in the future, change the application of these laws which may adversely impact the Company. Despite cannabis having been legalised for medical use, cannabis continues to be categorised as a controlled substance and violations could result in significant civil or criminal fines and penalties, as well as potentially losing any licenses issued. Any such sanction would adversely affect the operation and financial performance of the business.

(c) **Psychedelic medicine industry in Australia**

The industry of psychedelic medicine in Australia is also in its infancy (and even more so than the medicinal cannabis industry) and so very significant risks may arise in this respect. These risks include the risk that relevant licences are never obtained or that, even if obtained, there are significant delays in the grant of such licences. These can impact timeframes and the ability to generate revenue.

There are also uncertainties associated with the legislative regime in Australia with respect to psychedelic medicine in that the legislative framework that is ultimately settled upon is more restrictive than would be needed for the Company to continue to pursue this section of its business and operations.

(d) **Proposed acquisition of APIRx**

On 24 March 2022, the Company announced its proposed acquisition of APIRx. The proposed acquisition is subject to a number of conditions, including the execution of long form transaction documentation and the approval of Shareholders in general meeting. There can be no guarantee that these conditions will be satisfied and therefore, there is a risk that the acquisition may not proceed.

Further, if the acquisition does proceed, there is a risk that APIRx's projects cannot be suitably developed, for any number of reasons. In these circumstances, it is possible that the acquisition may not lead to the outcomes that the Directors believe are currently achievable. There is also a risk that the development of APIRx's projects may be more expensive than currently contemplated by the Directors. While the Directors will seek to protect the Company's interests through the negotiation of detailed representations, warranties and indemnities in the long form transaction documentation, there is a risk that the acquisition of APIRx may not be a success. This may have an adverse effect on the Company's value and its asset position and profitability and prospects.

(e) **Changes in laws and regulations**

The Company's operations are subject to various laws, regulations and guidelines in Australia and territories the Company proposes to operate, or to export to, including laws and regulations relating to health and safety, conduct of operations and the production, management, transportation, storage and disposal of products and of certain material used in operations.

Compliance with these laws and regulations requires compliance with complex Commonwealth, State and local laws. These laws change frequently and may be difficult to interpret and apply. Compliance with these laws and regulations requires the investment of significant financial and managerial resources, and a determination that the

Company is not in compliance with these laws and regulations could harm the Company's brand image and business.

Changes to these laws or regulations could negatively affect the Company's competitive position within the industry and the markets in which it operates, and there is no assurance that various levels of government in the jurisdictions in which the Company operates will not pass legislation or regulation that adversely impacts the business. The effect of the administration, application and enforcement of the regimes established on the business in Australia and overseas, or the administration, application and enforcement of the laws of other countries by the appropriate regulators in those countries, may significantly delay or impact the Company's ability to participate in the global market.

(f) **Acceptance of the efficacy of medicinal cannabis products and psychedelic medicines**

Research in Canada, the United States and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids remains in relatively early stages. There have been few clinical trials on the benefits of cannabis or isolated cannabinoids that have been completed, by anyone. The same applies with respect to clinical trials and research on psychedelic medicines.

Future research and clinical trials may draw opposing conclusions to statements contained in existing publications, or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to medicinal cannabis and/or psychedelic medicines, which could adversely affect their social acceptance, including acceptance by the medical community, and the demand for the Company's products.

(g) **Risks associated with clinical trials**

Clinical trials are expensive, time consuming and difficult to design and implement. With respect to the Company's clinical trials, these are expected to continue for several years and may take significantly longer to complete. There is no guarantee that the outcomes of the Company's clinical trials will be successful. Further, regulatory authorities may suspend, delay or terminate the clinical trials at any time for various reasons, including but not limited to:

- (i) changes in applicable regulatory policies and regulations;
- (ii) failure to design appropriate clinical trial protocols; or regulatory concerns with cannabinoid products generally and the potential for abuse;
- (iii) failure to obtain appropriate ethics approval for the clinical trial;
- (iv) discovery of serious or unexpected toxicities or side effects experienced by trial participants;
- (v) lack of effectiveness of any product during the Company's clinical trials;
- (vi) unfavourable results from the Company's on-going pre-clinical studies and clinical trials;
- (vii) failure by the Company, trial operators, its employees, or contractors to comply with all applicable regulatory requirements relating to the conduct of clinical trials; and

any of the above could have a material adverse effect on the Company's business, results of operations and financial conditions.

(h) **Reliance on key personnel and consultants**

The Company is largely dependent on the performance of its management team and certain highly qualified employees, including scientists and other research and development personnel, sales personnel and the Company's continuing ability to attract and retain such employees. The Company is also dependent on its ability to recruit and retain suitably qualified personnel.

Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. The loss of the services of any such personnel, or an inability to attract other suitably qualified persons when needed, could prevent the Company from executing on the business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all. There are a limited number of persons with the requisite knowledge of the cannabis industry and relevant experience.

(i) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its development and research programmes as the case may be. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(j) **Competition**

The pharmaceutical, nutraceutical and psychedelic industries are highly competitive and subject to rapid change. The industries continue to expand and evolve as an increasing number of competitors and potential competitors enter the market. Many of these competitors and potential competitors have substantially greater financial, technological, managerial and research and development resources and experience than the Company. Some of these competitors and potential competitors have similar or more experience than the Company in the development of pharmaceutical products, including validation procedures and regulatory matters. In addition, the products of the Company compete with, product offerings from large and well-established companies that have greater marketing and sales experience and capabilities than we or our future collaboration partners may have. If the Company is unable to compete successfully, it may be unable to generate, grow and sustain its revenue.

(k) **Speculative nature of investment**

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or by investors in the Company. Shareholders should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for the new securities.

If the Options offered under this Prospectus are exercised, the Shares issued upon their exercise carry no guarantee in respect of value, profitability, dividends, return of capital or the price at which the Shares may trade on ASX.

Before deciding whether to exercise your Loyalty Options offered under this Prospectus, you should read this Prospectus in its entirety and consider all factors, taking into account your objectives, financial situation and needs. In particular, changes in global economic conditions (including changes in interest rates, inflation, foreign exchange rates and labour costs) as well as general trends in the Australian and overseas equity markets may affect the Company's operations and particularly the trading price of the Shares on ASX.

The Options to be allotted pursuant to this Prospectus, and the Shares issued upon the exercise of the Options, should be regarded as speculative in nature and carry no guarantee with respect to the payment of dividends, return of capital or their market value.

5 Rights and liabilities attaching to securities

5.1 Rights attaching to Loyalty Options

A maximum of 81,700,000 Loyalty Options are to be issued to Eligible Shareholders under to this Prospectus, for nil consideration. These Loyalty Options will have the following terms and conditions:

- (a) The Loyalty Options will be exercisable at the Loyalty Option Exercise Price.
- (b) Unless exercised earlier, the Loyalty Options will expire on the Loyalty Option Expiry Date. Loyalty Options not exercised before the Loyalty Option Expiry Date will expire.
- (c) Each Loyalty Option will entitle the holder to apply for one Share (being a fully paid ordinary share in the Company ranking equally with all existing fully paid ordinary shares in the Company).
- (d) The Loyalty Options are exercisable at any time prior to the Loyalty Option Expiry Date. Any number of Loyalty Options may be exercised by the holder – there is no minimum prescribed number of Loyalty Options that must be exercised.
- (e) The Loyalty Options may be exercised by delivering a duly completed Loyalty Option Exercise Notice) together with a cheque, BPAY® or electronic funds transfer for the full payment of the Loyalty Option Exercise Price to the Share Registry on or prior to the Loyalty Option Expiry Date.
- (f) Upon the valid exercise of the Loyalty Options and payment of the Loyalty Option Exercise Price, the Company will issue fully paid ordinary shares ranking *pari passu* with the existing Shares.
- (g) The Offer to issue Loyalty Options is non-renounceable and accordingly the Loyalty Options will not be transferrable and may not be exercised by any other person other than the Eligible Shareholder. The Loyalty Options will not be traded on ASX.
- (h) Holders of the Loyalty Options do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where and only to the extent required pursuant to the ASX Listing Rules, provide holders of the Loyalty Options with notice prior to the relevant record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the Loyalty Options, in accordance with the requirements of the ASX Listing Rules.
- (i) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (i) the number of Loyalty Options, the exercise price of the Loyalty Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Loyalty Options which are not conferred on Shareholders; and
 - (ii) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Loyalty Options will remain unchanged.
- (j) If there is a pro rata issue (except a bonus issue), then at the time of the pro rata issue (except a bonus issue), the exercise price of a Loyalty Option may be reduced according to the formula set out in ASX Listing Rule 6.22.2. Otherwise the exercise price of the Loyalty Option shall remain unchanged.
- (k) If there is a bonus issue to Shareholders, the number of Shares over which the Loyalty Option is exercisable may be increased by the number of Shares which the Eligible

Shareholder would have received if the Loyalty Option had been exercised before the record date for the bonus issue.

- (l) The terms of the Loyalty Options shall only be changed if holders of ordinary shares in the Company (whose votes in favour are not to be disregarded under the ASX Listing Rules) approve of such a change. However, the terms of the Loyalty Options shall not be changed to reduce the Loyalty Option Exercise Price, increase the number of Loyalty Options or change any period for exercise of the Loyalty Options.

5.2 Rights attaching to Piggyback Options

A maximum of 40,850,000 Piggyback Options may be issued to Eligible Shareholders pursuant to this Prospectus, for nil additional consideration. The Piggyback Options, issued pursuant to this Prospectus will have the following terms and conditions:

- (a) The Piggyback Options will be exercisable at the Piggyback Option Exercise Price.
- (b) Unless exercised earlier, the Piggyback Options will expire on the Piggyback Option Expiry Date. Piggyback Options not exercised before the Piggyback Option Expiry Date will expire.
- (c) Each Piggyback Option will entitle the holder to apply for one Share (being a fully paid ordinary share in the Company ranking equally with all existing fully paid ordinary shares in the Company).
- (d) The Piggyback Options are exercisable at any time prior to the Piggyback Option Expiry Date. Any number of Piggyback Options may be exercised by the holder – there is no minimum prescribed number of Piggyback Options that must be exercised.
- (e) The Piggyback Options may be exercised by delivering a duly completed Piggyback Option Exercise Notice together with a cheque, BPAY® or electronic funds transfer for the full payment of the Piggyback Option Exercise Price to the Share Register on or prior to the Piggyback Option Expiry Date.
- (f) Upon the valid exercise of the Piggyback Options and payment of the Piggyback Option Exercise Price, the Company will issue fully paid ordinary shares ranking pari passu with the existing Shares.
- (g) The Offer of the Piggyback Options is non-renounceable and accordingly the Piggyback Options will not be transferrable and may not be exercised by any other person other than the Eligible Optionholder. The Piggyback Options will not be traded on ASX.
- (h) Holders of the Piggyback Options do not have any right to participate in new issues of securities in the Company made to Shareholders generally. The Company will, where and only to the extent required pursuant to the ASX Listing Rules, provide holders of the Piggyback Options with notice prior to the relevant record date (to determine entitlements to any new issue of securities made to Shareholders generally) to exercise the Piggyback Options, in accordance with the requirements of the ASX Listing Rules.
- (i) In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company:
 - (i) the number of Piggyback Options, the exercise price of the Piggyback Options, or both will be reconstructed (as appropriate) in a manner consistent with the ASX Listing Rules with the intention that such reconstruction will not result in any benefits being conferred on the holders of the Piggyback Options which are not conferred on Shareholders; and
 - (ii) subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of Shareholders approving a reconstruction of capital, in all other respects the terms for the exercise of the Piggyback Options will remain unchanged.

- (j) If there is a pro rata issue (except a bonus issue), then at the time of the pro rata issue (except a bonus issue), the exercise price of a Piggyback Option may be reduced according to the formula set out in ASX Listing Rule 6.22.2. Otherwise the exercise price of the Piggyback Option shall remain unchanged.
- (k) If there is a bonus issue to the holders of Shares in the Company, the number of Shares over which the Piggyback Option is exercisable may be increased by the number of Shares which the Eligible Shareholder would have received if the Piggyback Option had been exercised before the record date for the bonus issue.
- (l) The terms of the Piggyback Options shall only be changed if holders of ordinary shares in the Company (whose votes in favour are not to be disregarded under the ASX Listing Rules) approve of such a change. However, the terms of the Piggyback Options shall not be changed to reduce the Piggyback Option Exercise Price, increase the number of Piggyback Options or change any period for exercise of the Piggyback Option Options.

5.3 **Rights and liabilities attaching to Shares**

The Company's Constitution is of the kind usually adopted by a public company. A summary of the rights attaching to Shares under the Constitution is set out below. This a summary only of the full terms of the Constitution (copies of the Constitution may be requested from the Company Secretary).

(a) **Voting**

At a general meeting of the Company on a show of hands, every member present in person, or by proxy, attorney or representative has one vote upon a poll, every member present in person, or by proxy, attorney or representative has one vote for every Share held by them.

(b) **Dividends**

Subject to law and any special rights and restrictions attached to any Shares:

- (i) the Directors may declare and pay dividends as appear to them to be justified by the profits of the Company; and
- (ii) all dividends shall be payable on all Shares according to the proportion that the amount paid (not credited) is the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

(c) **Winding up**

If the Company is wound up and after payment of all debts and satisfaction of liabilities a surplus remain, it may be distributed amongst Shareholders entitled to it in proportion to the number of Shares held by each of them.

(d) **Further increases in capital**

Subject to restrictions on the issue or grant of securities contained in the ASX Listing Rules, ASX Settlement Operating Rules, the Constitution and the Corporations Act, the Directors have the right to issue Shares or grant options over unissued shares to any person and they may do so at such times and on such conditions as they consider appropriate and in the best interests of the Company.

(e) **Variation of Rights**

The rights attached to any class of Shares may, unless their terms of issue state otherwise, be varied by a special resolution of the Directors and:

- (i) with the written consent of the Shareholders who are entitled to at least 75% of the votes that may be cast in respect of the shares in that class; or

- (ii) by a special resolution passed at meeting of the Shareholders of shares in that class.

(f) **Transfer of securities**

Generally, but subject to the below, the Shares and Options in the Company will be freely transferable, subject to satisfying the usual requirements of security transfers on the ASX. The Directors may decline to register any transfer of shares but only where permitted to do so under its Constitution or the ASX Listing Rules.

Not all options are transferrable – for example, the Loyalty Options and the Piggyback Options are not transferrable by Eligible Shareholders and Eligible Optionholders.

(g) **Sale of non-marketable holdings**

The Company may take steps in respect of non-marketable holdings of Shares in the Company to effect an orderly sale of those Shares in the event that holders do not take steps to retain their holdings. The Company may only take steps to eliminate non-marketable holdings in accordance with the Constitution and the ASX Listing Rules.

(h) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(i) **Proportional takeover bid approval**

The registration of a transfer of Shares which would give effect to a proportional takeover bid is prohibited unless and until an approving resolution approving the proportional takeover bid is passed. The proportional takeover provisions will cease to have effect on the third anniversary of the last adoption of the Constitution, unless renewed.

6 Additional information

6.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act, and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The Shares to be issued on the exercise of Loyalty Options and Piggyback Options are in the same class as Shares that have been quoted on the official list of ASX during the three months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or operation to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the issue of new Shares and new Options on the Company and the rights attaching to the new Shares and new Options. It is not necessary to include general information in relation to all of the assets and liabilities, the financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a financial market or securities exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the financial market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the closing date of the Offer:
 - (i) the half-year financial statements of the Company for the half-financial year ended 31 December 2021 being the most recent set of financial statements of the Company lodged with ASIC before the issue of this Prospectus; and
 - (ii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the annual financial report referred to in paragraph (i) above until the issue of this Prospectus in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

6.2 Company announcements

The Company has made several ASX announcements after the date of lodgement of the half yearly accounts of the Company for the half year ended 31 December 2021 (which lodgement occurred on 28 February 2022), and before the lodgement of this Prospectus with ASIC.

The announcements below (continuous disclosure notices) have been made by the Company to ASX since 28 February 2022:

Date	Subject of ASX Release
24 March 2022	Incannex to Acquire APIRx Pharmaceuticals
22 March 2022	Trading Halt
22 March 2022	Pause in Trading
22 March 2022	Appendix 3B - Amended
21 March 2022	Loyalty Options – Amended Timetable
21 March 2022	Appendix 3B
18 March 2022	Incannex to Issue Loyalty Options to Shareholders
16 March 2022	Cleansing Notice
16 March 2022	Appendix 2A
10 March 2022	IHL-42X positive phase 2 clinical trial results
8 March 2022	Trading Halt
4 March 2022	S&P DJI Announces March 2022 Quarterly Rebalance
3 March 2022	IHL - VR and psychedelic R&D program

6.3 Proposed acquisition of APIRx Pharmaceuticals, LLC

On 24 March 2022, the Company announced that it had executed a term sheet regarding its proposed acquisition of APIRx. Under the proposed acquisition, which is subject to a number of conditions, including the execution of long form transaction documentation and the approval of Shareholders in general meeting, the Company will acquire all of the shares in APIRx.

The proposed acquisition price is US\$93.3 million (approximately A\$125 million based on the USD:AUD exchange rate at the date of this Prospectus) and it is payable by the Company entirely by way of issue of 220,369,063 new Shares to the shareholders of APIRx, at an issue price of \$0.573 per Share.

APIRx is an innovative biotechnology company focused on research, development, and production of prescription pharmaceutical cannabinoid medicines. It has twenty-two (22) active clinical and pre-clinical research and development projects utilising proprietary technologies. The proposed acquisition of APIRx will, if completed, bring to IHL a diverse portfolio of therapeutic candidates targeted at treating an extensive range of conditions including pain, dementia, Parkinson's Disease, restless leg syndrome, gastrointestinal diseases, periodontitis, addiction disorders, skin conditions and ophthalmic conditions.

At 31 December 2021, the Company's net cash balance was approximately \$19.8 million. The Company intends to use approximately \$5 million of its existing net cash proceeds towards the development of APIRx's existing projects.

If all Loyalty Options are exercised, such that \$28.1 million in proceeds are raised, the Company will apply \$5 million from these proceeds towards the development of APIRx's existing projects (in addition to the \$5 million committed from existing net cash), and therefore \$10 million in total (including \$5 million from the Company's existing net cash).

If \$10 million or less is obtained through the exercise of Loyalty Options then none of this amount will be allocated towards the development of APIRx's projects.

If more than \$10 million, but less than \$28.1 million, is raised from the exercise of Loyalty Options, then the Company intends that approximately \$250,000 - \$300,000 for every \$1 million raised over and above \$10 million will be allocated towards the development of APIRx's projects.

6.4 **Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings, and the Directors are not aware of any pending or threatened legal proceedings against the Company.

6.5 **Directors' interests**

The nature and extent of the interest (if any) that any of the Directors of the Company holds, or held at any time during the last two years in:

- (a) the formation or promotion of the Company;
- (b) property acquired or to be acquired by the Company in connection with:
 - (i) its formation or promotion;
 - (ii) the Offers; or
- (c) the Offers,

is set out below or elsewhere in this Prospectus.

Other than as set out below or elsewhere in this Prospectus, no one has paid or agreed to pay any amount and no benefit has been given or agreed to be given to give any benefit to any Director or proposed director:

- (a) to induce them to become, or to qualify as, a Director of the Company; or
- (b) for services provided by a Director in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus is as follows:

Director	Current Shares (Direct and Indirect)	Current Options (Direct and Indirect)	Current Performance Rights (Direct and Indirect)
Mr Troy Valentine	33,851,198	Nil	Nil
Mr Peter Widdows	16,573,685	Nil	Nil
Dr Sud Agarwal*	107,303,093	Nil	Nil
Mr Joel Latham	18,148,414	3,000,000	Nil

* Options and shares reported for Dr Sud Agarwal include those owned by Cannvalate Pty Ltd – an entity of which Dr Sud Agarwal is a significant shareholder and a director.

The Directors will be entitled to participate in the Offer and receive Loyalty Options to the extent of their shareholdings.

6.6 **Directors' fees and remuneration**

The following table shows the annual remuneration paid or accrued to both executive and non-executive Directors (and their associated entities) as disclosed in the Company's 2021 Annual Report for the stated periods.

Director	Financial Year ending 30 June 2021	Financial Year Ending 30 June 2020
Mr Troy Valentine	\$186,630	\$109,110
Mr Peter Widdows	\$52,560	\$39,420
Dr Sud Agarwal	\$597,547	\$634,051
Mr Joel Latham	\$636,070	\$390,380

6.7 Related party transactions

At the date of this Prospectus, no material transactions with related parties and Directors interests exist that the Directors are aware of, other than those disclosed in this Prospectus.

6.8 Interests of experts and advisers

Other than set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (d) the formation or promotion of the Company;
- (e) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (f) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (g) the formation or promotion of the Company; or
- (h) the Offer.

Thomson Geer are acting as lawyers to the Offer and have performed work in relation to the Prospectus. In doing so, Thomson Geer have placed reasonable reliance upon information provided to Thomson Geer by the Company. Thomson Geer does not make any statement in this Prospectus. In respect of this work up to the date of this Prospectus, the Company estimates that it will pay approximately \$50,000 (excluding disbursements and GST) to Thomson Geer. Thomson Geer are the Company's Australian lawyers and are engaged from time to time by the Company on a variety of matters. Further amounts may be paid to Thomson Geer in accordance with its normal time based charges.

In addition, the Company has instructed Thomson Geer to obtain advice from a New Zealand based law firm on the requirements for the Company to make the Offer to shareholders in New Zealand. The Company estimates that it will pay approximately \$8,000 (excluding disbursements and GST) to the New Zealand firm for the advices it received.

6.9 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, persons named in this Prospectus with their consent as proposed Directors of the Company, persons named in this Prospectus with their consent as having made a statement in this Prospectus and persons involved in a contravention in relation to this Prospectus, with regard to misleading or deceptive statements made in this Prospectus. Although the Company bears primary responsibility for this Prospectus, other parties involved in the preparation of this Prospectus can also be responsible for certain statements made in it.

Thomson Geer:

- (a) has given its consent to be named in this Prospectus as set out above and has not withdrawn its consent at the date of lodgement of this Prospectus with ASIC;
- (b) makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offer;
- (c) has not made or purported to have made any statement in this Prospectus or statement on which a statement in this Prospectus is based, except as described in this Section; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for this Prospectus other than a reference to its name and any statement or report included in this Prospectus with the consent of that party as described in this Section.

6.10 Broker handling fees

No handling fees are payable in connection with the Offer under this Prospectus.

6.11 Taxation

The Board does not consider that it is appropriate to provide offerees with advice regarding the taxation consequences of exercising the Loyalty Options or the Piggyback Options under this Prospectus. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to investors or Eligible Shareholders or Eligible Optionholders in respect of any issue.

6.12 Privacy disclosure statement

The Company holds certain personal information regarding Shareholders that has been provided to the Company (directly or via the Share Registry) in connection with their investment in the Company. The *Privacy Act 1988* (Cth) governs the use of a person's personal information and sets out principles governing the ways in which organisations should treat personal information. The personal information that the Company holds is used to provide services and appropriate administration including communications with members. If the Company is obliged to do so by law, investors' personal information will be passed on to other parties strictly in accordance with legal requirements.

The Corporations Act requires that the Company include information about security holders (including name, address and details of the securities held) in its public register. The information contained in the Company's public register must remain there for seven years after that person ceases to be a security holder. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual report and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

An investor has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

An investor who would like details of their personal information held by the Company or its Share Registry, or who would like to correct information that is incorrect or out of date, should contact the

Share Registry by telephone on 1300 288 664 or +61 8 9324 2099 or by email at hello@automic.com.au or using the address shown in the Corporate directory.

6.13 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

6.14 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing Options.

6.15 Electronic Prospectus

This Prospectus is available in electronic form. The electronic version will be available on the Company's website and on the Company's announcements page on the ASX company announcements platform. The Offer constituted by this Prospectus in electronic form is made only to Eligible Shareholders receiving this Prospectus in electronic form in Australia and New Zealand. Persons who access the electronic form of this Prospectus must ensure that they download and read the entire Prospectus.

6.16 Expenses of the Offer

All expenses connected with the Offer are being borne by the Company. The approximate costs of the Offer payable by the Company (exclusive of GST) are listed below:

Expense	Cost (A\$)
Regulatory fees	\$5,000
Registry fees	\$25,000
Legal fees	\$55,000
TOTAL	\$85,000

6.17 Authorisation

Each Director has consented (and has not withdrawn their consent) to the lodgement of this Prospectus with ASIC.

This Prospectus is signed for and on behalf of the Company, pursuant to a resolution of the Board, by:

.....
Mr Troy Valentine
Chairman
Incannex Healthcare Limited

7 Definitions and glossary

Terms and abbreviations used in this Prospectus have the following meaning:

\$	Australian dollars
APIRx	APIRx Pharmaceuticals USA, LLC
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited or the financial market known as the Australian Securities Exchange operated by it, as the context requires
ASX Listing Rules	The official listing rules of ASX
ASX Settlement	ASX Settlement Pty Ltd
ASX Settlement Operating Rules	The operating rules of ASX Settlement
Business Day	A day, other than a Saturday, Sunday or public holiday, on which banks are open for general banking business in Melbourne, Victoria
Company	Incannex Healthcare Limited ACN 096 635 246
Constitution	The constitution of the Company
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Directors	The directors of Incannex from time to time
Eligible Optionholder	An Eligible Shareholder who exercises a Loyalty Option prior to the Loyalty Option Expiry Date
Eligible Shareholder	A shareholder of the Company having a registered address in Australia or New Zealand and who is registered as the holder of 1 or more Shares as at 5:00pm (Melbourne time) on the Record Date
Exercise Notice	The Loyalty Option Exercise Notice and the Piggyback Option Exercise Notice (as applicable) being the option exercise notice to be submitted by an Eligible Shareholder or Eligible Optionholder (as applicable) to the Share Registry requiring the Company to issue Shares on exercise of the relevant Options
Existing Optionholders	A holder of an Existing Option
Existing Options	All existing options to apply for Shares as at the date of this Prospectus
Ineligible Shareholders	Shareholders as at the Record Date who are not Eligible Shareholders
Loyalty Option	An option granted for no consideration under this Prospectus to acquire one fully paid ordinary Share,

	exercisable before the Loyalty Option Expiry Date
Loyalty Option Expiry Date	5:00pm (Melbourne time) on Friday, 22 April 2022
Loyalty Option Exercise Notice	The personalised exercise notice accompanying this Prospectus to be completed and returned to the Share Registry in order to exercise a Loyalty Option
Loyalty Option Expiry Price	\$0.35 per Loyalty Option
Loyalty Option Offer	The pro-rata non-renounceable offer to Eligible Shareholders of one Loyalty Option for every 15 Shares held on the Record Date to acquire one Share at the Loyalty Option Exercise Price, exercisable on or before the Loyalty Option Expiry Date
Offer or Issue	The Loyalty Option Offer and the Piggyback Option Offer
Options	The options on issue in the Company from time to time
Piggyback Option	An Option granted upon exercise of every 2 Loyalty Options under this Prospectus to acquire one fully paid Share, exercisable by the Piggyback Option Expiry Date
Piggyback Option Expiry Date	5:00pm (Melbourne time) on Friday, 28 April 2023
Piggyback Option Exercise Notice	The personalised exercise notice that will be sent to Eligible Optionholders to complete and return to the Share Registry in order to exercise a Piggyback Option
Piggyback Option Expiry Price	\$1 per Piggyback Option
Piggyback Option Offer	The offer to Eligible Optionholders of a Piggyback Option for every 2 Loyalty Options exercised prior to the Loyalty Option Expiry Date to acquire one Share at the Piggyback Option Exercise Price on or before the Piggyback Option Expiry Date
Prospectus	This Prospectus dated Tuesday, 29 March 2022 as modified or varied by any supplementary prospectus made by the Company and lodged with the ASIC from time to time and any electronic copy of this prospectus and supplementary prospectus
Record Date	7:00pm (Melbourne time) on Friday, 25 March 2022
Share Registry	Automic Pty Limited
Shares	The ordinary shares on issue in Incannex from time to time
Shareholder	A holder of 1 or more Shares from time to time

8 Corporate Directory

Directors	Administration and Registered Office
<p>Mr Troy Valentine <i>Non-Executive Chairman</i></p> <p>Mr Joel Latham <i>Managing Director</i></p> <p>Mr Peter Widdows <i>Non-Executive Director</i></p> <p>Dr Sud Agarwal <i>Non-Executive Director</i></p>	<p>Level 23, Rialto South Tower 525 Collins Street Melbourne VIC 3000</p> <p>Tel: 0422 180 317</p> <p>Email at investors@incannex.com.au</p> <p>www.incannex.com.au</p>
Share Registry	Lawyers to the Offer
<p>Automic Registry Services Level 5, 191 St Georges Terrace Perth WA 6000</p> <p>Tel: 1300 288 664 or +61 8 9324 2099</p> <p>Email at hello@automic.com.au</p> <p>www.investor.automic.com.au</p>	<p>Thomson Geer Level 23, Rialto South Tower 525 Collins Street Melbourne VIC 3000</p> <p>Tel: 03 8080 3500</p> <p>www.tqlaw.com.au</p>