



AdAlta

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ADALTA LIMITED
ACN 120 332 925

NOTICE OF EXTRAORDINARY GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting
27 June 2019

Time of Meeting
11.00am (AEST)

Place of Meeting
Workspace365, 14/330 Collins St, Melbourne VIC 3000

ADALTA LIMITED
ACN 120 332 925

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an extraordinary general meeting of Shareholders of AdAlta Limited ACN 120 332 925 (**Company**) will be held on 27 June 2019 at 11.00am at Workspace365, 14/330 Collins St, Melbourne VIC 3000 (**Meeting**).

The Explanatory Memorandum attached to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders at 7.00pm (AEST) on 25 June 2019.

Shareholders should read the Notice and the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

Certain terms used in this Notice and the Explanatory Memorandum are defined in the Glossary which forms part of the Explanatory Memorandum.

AGENDA

1. RATIFICATION OF ISSUE OF TRANCHE ONE UNDER THE MAY 2019 PLACEMENT

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

"That the previous issue of 19,600,753 ordinary shares in the Company at \$0.15 per share and 9,800,376 attaching free options with an exercise price of \$0.25 per option (the terms and conditions of which are described in the Explanatory Memorandum accompanying this Notice), is approved for all purposes, including for ASX Listing Rule 7.4."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. APPROVAL OF THE ISSUE OF TRANCHE TWO UNDER THE MAY 2019 PLACEMENT

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

"That the issue of 12,569,913 ordinary shares in the Company at \$0.15 per share and 6,284,956 attaching free options with an exercise price of \$0.25 per option (the terms and conditions of which are described in the Explanatory Memorandum accompanying this Notice), is approved for all purposes, including for ASX Listing Rule 7.1"

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. PARTICIPATION IN PLACEMENT BY ROBERT PEACH

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

"That approval is given for the Company to issue 962,666 ordinary fully paid shares in the Company at \$0.15 per share and 481,333 attaching free options with an exercise price of \$0.25 per option to Robert Peach (or his nominee), on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice, for the purposes of ASX Listing Rule 10.11 and for all other purposes."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Robert Peach, and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. PARTICIPATION IN PLACEMENT BY JAMES WILLIAMS

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

"That approval is given for the Company to issue 133,334 ordinary fully paid shares in the Company at \$0.15 per share and 66,667 attaching free options with an exercise price of \$0.25 per option to James Williams (or his nominee), on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice, for the purposes of ASX Listing Rule 10.11 and for all other purposes."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by James Williams, and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. PARTICIPATION IN PLACEMENT BY PAUL MACLEMAN

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

"That approval is given for the Company to issue 33,334 ordinary fully paid shares in the Company at \$0.15 per share and 16,667 attaching free options with an exercise price of \$0.25 per option to Paul MacLeman (or his nominee), on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice, for the purposes of ASX Listing Rule 10.11 and for all other purposes."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Paul MacLeman, and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. PARTICIPATION IN PLACEMENT BY LIDDY MCCALL

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

"That approval is given for the Company to issue 33,334 ordinary fully paid shares in the Company at \$0.15 per share and 16,667 attaching free options with an exercise price of \$0.25 per option to Liddy McCall (or her nominee), on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice, for the purposes of ASX Listing Rule 10.11 and for all other purposes."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Liddy McCall, and any of her associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Date: 28 May 2019

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'C. Jones', written over a horizontal line.

Cameron Jones
Company Secretary

FURTHER INFORMATION

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Meeting on the date and at the place set out on page 2.

VOTES

Unless a poll is demanded in advance of voting on a Resolution, voting on each Resolution will initially be by way of a show of hands. On a show of hands, each Shareholder present in person or by proxy or, in the case of a body corporate, by a representative, shall have one vote.

On a poll, every Shareholder present in person or by attorney or by proxy or, in the case of a body corporate, by a representative, shall have one vote for each share held by that Shareholder.

APPOINTING A PROXY

A Shareholder who is entitled to attend and vote at the Meeting may appoint a proxy to attend and vote at the Meeting on their behalf. A proxy does not need to be a Shareholder.

If a Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the percentage or number of votes each proxy can exercise. If the proxy form does not specify the percentage or number of the Shareholder's votes that each proxy may exercise, each proxy may exercise half of the Shareholder's votes on a poll. Fractions will be disregarded.

To appoint a proxy online:

- (a) go to <https://investor.automic.com.au/#/loginsah>;
- (b) enter "AdAlta Limited" followed by your HIN (Holder Identification Number) or SRN (Shareholder Reference Number) and postcode. If you are an overseas resident, simply enter your country of residence; and
- (c) follow the verification prompts and then select "access". Proceed to the "Meetings" page to lodge your proxy vote.

Alternatively, you can appoint a proxy by completing and signing the enclosed proxy form and delivering the form:

- (a) In person to Automic Registry Services at Level 5, 126 Phillip Street, Sydney, NSW 2000 Australia;
- (b) By post to Automic Registry Services at GPO Box 5193, Sydney, NSW 2001 Australia; or
- (c) By fax to Automic Registry Services at +61 2 8583 3040.

The deadline for receipt of proxy appointments is 11.00am (AEST) on 25 June 2019.

Proxy appointments received later than this time will be invalid.

If you choose to appoint a proxy, you are encouraged to direct your proxy how to vote on by marking either "For", "Against" or "Abstain" on the proxy form for that item of business.

Where permitted, the Chair will vote undirected proxies in favour of all Resolutions.

POWER OF ATTORNEY

If the proxy form is signed under a power of attorney on behalf of a Shareholder, then the attorney must make sure that either the original power of attorney or a certified copy is sent with the proxy form, unless the power of attorney has already been provided to the Share Registry.

CORPORATE REPRESENTATIVES

If a representative of a corporate Shareholder or a corporate proxy will be attending the Meeting, the representative should bring to the Meeting adequate evidence of their appointment, unless this has previously been provided to the Share Registry.

An appointment of corporate representative form may be obtained from the Share Registry by calling 1300 288 664 (local) or +61 2 9698 5414 (international) or online at: <https://automic.com.au/forms.html>.

EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

BACKGROUND

On 23 May 2019 the Company announced a placement of 33,333,333 Shares at a price of \$0.15 per Share, with one free attaching option for every 2 Shares exercisable at \$0.25 per option at any time prior to and including, 30 June 2021.

The Placement was offered by the Company through Aurenda Partners and Bell Potter as the joint lead managers and issued to certain institutional and sophisticated investors. Except for the person the subject of Resolution 3, none of these subscribers are related parties of the Company.

In general terms, Listing Rule 7.1 provides that a company must not issue or agree to issue equity securities that total more than 15% of its fully paid ordinary shares in a 12 month period without the approval of its shareholders (**Placement Capacity**), subject to certain exceptions.

Further, under Listing Rule 7.1A, a company may obtain approval from its shareholders (in an annual general meeting) to issue equity securities up to an additional 10% of its fully paid ordinary shares in a 12 month period without the further approval of its shareholders (**Additional Placement Capacity**). The Company obtained such approval at its 2018 Annual General Meeting held on 28 November 2018.

Due to the size of the Placement, it has been broken into two tranches:

- an initial tranche of 19,600,753 Placement Shares and 9,800,376 Placement Options, which will be issued to investors respectively on 29 May 2019 (Placement Shares) and on 5 June 2019 (Placement Options) (**Tranche One**), utilising the full amount of the Company's Placement Capacity and Additional Placement Capacity; and
- a second tranche of 13,732,580 Placement Shares and 6,866,290 Placement Options, which approval is sought to issue under Resolution 2 (**Tranche Two**) and Resolution 3, 4, 5 and 6.

The Company is seeking a number of approvals at this extraordinary general meeting in relation to the Placement.

RESOLUTION 1 - RATIFICATION OF ISSUE OF TRANCHE ONE UNDER THE PLACEMENT

Listing Rule 7.4 provides that an issue of equity securities by a company made under Listing Rule 7.1 is treated as having been made with approval for the purposes of Listing Rule 7.1, if it is subsequently approved by the company's shareholders.

The Company is seeking Shareholder approval under Listing Rule 7.4 to the issue of Tranche One so as to maintain flexibility to issue equity securities up to the Placement Capacity and take advantage of any capital raising opportunities which may arise during the next 12 months.

However, notwithstanding the approval, any future equity raisings would remain subject to the 15% limit set out in Listing Rule 7.1, and this approval would not refresh the Additional Placement Capacity of the Company otherwise utilised pursuant to Listing Rule 7.1A. The Additional Placement Capacity may only be refreshed by special resolution at an annual general meeting of the Company.

Information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (d) 19,600,753 Placement Shares and 9,800,376 Placement Options will be issued in respect of Tranche One respectively on 29 May 2019 (Placement Shares) and on 5 June 2019 (Placement Options);

- (e) the issue price was \$0.15 per Placement Share with no additional amount payable for the issue of the Placement Options;
- (f) the Placement Shares and Placement Options have been issued to sophisticated and professional investors introduced by Aurenda Partners and Bell Potter;
- (g) the Placement Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on and from the date of issue, while the terms and conditions of issue of the Placement Options are set out in Schedule 1;
- (h) none of the subscribers for Tranche One are Related Parties of the Company; and
- (i) the funds raised from Tranche One will go towards:
 - (i) completing the manufacturing of AD-214 to GMP (good manufacturing practice) standard;
 - (ii) AD-214 pre-clinical studies including non-human primate toxicology studies;
 - (iii) AD-214 phase 1 trial;
 - (iv) Expansion of i-body and related technology pipeline and partnering transactions;
 - (v) General working capital; and
 - (vi) Costs of the offer.

Directors' recommendation

Failure to ratify the issue of Tranche One would result in the Company being unable to maximise business opportunities by requiring a further issue of equity securities within the next 12 month period. Any delay associated with obtaining shareholder approval means that the Company cannot act in an opportunistic manner and potentially puts any such raising at risk through the approval period.

The Board unanimously recommends that Shareholders vote in favour of this Resolution.

RESOLUTION 2 - APPROVAL OF THE ISSUE OF TRANCHE TWO UNDER THE PLACEMENT

The total Placement Shares and Placement Options under Tranche One and Tranche Two exceed the aggregate of the Placement Capacity and the Additional Placement Capacity.

Accordingly, the Company is seeking Shareholder approval in accordance with Listing Rule 7.1 for the purpose of approving the issue of equity securities for Tranche Two of the Placement and to allow the Company to complete the fund raising under the Placement. Shareholders should note that 1,162,668 Placement Shares and 581,334 Placement Options to be issued to directors of the Company are subject to the approval of Resolutions 3 to 6 (as described below) and do not form part of Tranche Two for the purposes of approval under this Resolution 2.

Information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the Resolution 2:

- (a) 12,569,913 Placement Shares and 6,284,956 Placement Options will be issued in respect of Tranche Two on or about 1 July 2019 and in any event within 1 month of the date of this Meeting);
- (b) the issue price will be \$0.15 per Placement Share with no additional amount payable for the issue of the Placement Options;
- (c) the Placement Shares and Placement Options will be issued to the same sophisticated and professional investors introduced by Aurenda Partners and Bell Potter as participated in Tranche One;

- (d) the Placement Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on and from the date of issue while the terms and conditions of issue of the Placement Options are set out in Schedule 1;
- (e) none of the subscribers for Tranche Two are Related Parties of the Company; and
- (f) the funds raised from the Tranche Two will go towards:
 - (i) completing the manufacturing of AD-214 to GMP (good manufacturing practice) standard;
 - (ii) AD-214 pre-clinical studies including non-human primate toxicology studies;
 - (iii) AD-214 phase 1 trial;
 - (iv) Expansion of i-body and related technology pipeline and partnering transactions;
 - (v) General working capital; and
 - (vi) Costs of the offer.

Directors' recommendation

Failure to approve the issue of Tranche Two would result in the Company being unable to fully fund the Phase 1 trial and additional activities as described above. As a result, the Company expects that it would need to raise additional capital within the next twelve months to undertake those activities which are critical to its future prospects. Further, the failure to complete Tranche Two of the Placement may impact the Company's reputation amongst investors introduced to the Company and the investment community more broadly.

The Board unanimously recommends that Shareholders vote in favour of this Resolution.

BACKGROUND TO RESOLUTION 3 to 6 - PARTICIPATION IN PLACEMENT BY ROBERT PEACH, JAMES WILLIAMS, PAUL MACLEMAN AND LIDDY MCCALL

Listing Rule 10.11 provides that a company must not, subject to specified exceptions, issue or agree to issue equity securities to a Related Party, which includes a director, without shareholder approval.

As noted above, the Company announced the Placement to the ASX on 23 May 2019. This Placement comprised of two tranches. Tranche One, as set out in Resolution 1 above will be completed on 29 May 2019 (in respect of the Placement Shares issued under Tranche One) and 5 June 2019 (in respect of the Placement Options issued under Tranche One).

Tranche Two of the Placement being 13,732,580 Placement Shares and 6,866,290 Placement Options Placement Options in total, includes a commitment the Company secured from the Company's Directors, namely, Robert Peach, James Williams, Paul MacLeman and Liddy McCall (or their nominees). Subject to the requisite Shareholder approval being obtained for the purposes of Listing Rule 10.11, the Directors have committed to subscribe for Placement Shares and Placement Options as follows:

Director	Placement Shares subscribed	Placement Options subscribed
Robert Peach	962,666	481,333
James Williams	133,334	66,667
Paul MacLeman	33,334	16,667

Liddy McCall	33,334	16,667
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Accordingly, in Resolutions 3 to 6 the Company is seeking Shareholder approval for this issue to each Director (or his or her respective nominee) in the respective amounts set out above.

If approval is given under Resolutions 3 to 6, approval is not required under Listing Rule 7.1 for the issue (as per exception 13 of Listing Rule 7.2).

Related party transactions

Chapter 2E of the Corporations Act provides that for a public company, or an entity that the public company controls, to give a financial benefit to a Related Party (which includes Directors) of the public company, the public company or entity must obtain the approval of the public company's members unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Under section 210 of the Corporations Act, shareholder approval is not needed to give a financial benefit on terms that would be reasonable in the circumstances if the company and the Related Party were dealing at arm's length. As the terms of the proposed issue to the Directors contained in Resolutions 3 - 6 will be at the same price and terms as Tranche Two, the exception in section 210 of the Corporations Act applies in the circumstances and Shareholder approval is not required for the purposes of Section 208 of the Corporations Act.

INFORMATION FOR RESOLUTION 3

Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13 the following information is provided in relation to Resolution 3:

- (a) 962,666 Placement Shares and 481,333 Placement Options will be issued to Robert Peach (or his nominee);
- (b) the issue price will be \$0.15 per Placement Share, being the same issue price as under Tranche One and Tranche Two, with no additional amount payable for the issue of the Placement Options;
- (c) the Placement Shares and Placement Options will be issued on the date of settlement of Tranche Two and in any event no later than 1 month after the date of this meeting;
- (d) the Placement Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on and from the date of issue while the terms and conditions of issue of the Placement Options are set out in Schedule 1; and
- (e) the funds raised from the issue to Robert Peach will go towards the same items as Tranche Two.

Directors' recommendation

Failure to approve the issue of Placement Shares and Placement Options to Robert Peach would result in him being unable to participate in the Placement, thereby limiting the alignment of Robert Peach's interests with that of the Company and the Shareholders.

All the Directors (except Robert Peach due to his material personal interest in the outcome of the Resolution, as it relates to the proposed grant of Placement Shares to him individually or his nominee) recommend that the Shareholders vote in favour of Resolution 3.

The Board (other than Robert Peach) is not aware of any other information that would be reasonably required by the Shareholders to allow them to make a decision regarding the financial benefit the subject of this Resolution or whether it is in the best interests of the Company to pass the Resolution.

INFORMATION FOR RESOLUTION 4

Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13 the following information is provided in relation to Resolution 4:

- (a) 133,334 Placement Shares and 66,667 Placement Options will be issued to James Williams (or his nominee);
- (b) the issue price will be \$0.15 per Placement Share, being the same issue price as under Tranche One and Tranche Two, with no additional amount payable for the issue of the Placement Options;
- (c) the Placement Shares and Placement Options will be issued on the date of settlement of Tranche Two and in any event no later than 1 month after the date of this meeting;
- (d) the Placement Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on and from the date of issue while the terms and conditions of issue of the Placement Options are set out in Schedule 1; and
- (e) the funds raised from the issue to James Williams will go towards the same items as Tranche Two.

Directors' recommendation

Failure to approve the issue of Placement Shares and Placement Options to James Williams would result in him being unable to participate in the Placement, thereby limiting the alignment of James Williams' interests with that of the Company and the Shareholders.

All the Directors (except James Williams due to his material personal interest in the outcome of the Resolution, as it relates to the proposed grant of Placement Shares to him individually or his nominee) recommend that the Shareholders vote in favour of Resolution 4.

The Board (other than James Williams) is not aware of any other information that would be reasonably required by the Shareholders to allow them to make a decision regarding the financial benefit the subject of this Resolution or whether it is in the best interests of the Company to pass the Resolution.

INFORMATION FOR RESOLUTION 5

Information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13 the following information is provided in relation to Resolution 5:

- (a) 33,334 Placement Shares and 16,667 Placement Options will be issued to Paul MacLeman (or his nominee);
- (b) the issue price will be \$0.15 per Placement Share, being the same issue price as under Tranche One and Tranche Two, with no additional amount payable for the issue of the Placement Options;
- (c) the Placement Shares and Placement Options will be issued on the date of settlement of Tranche Two and in any event no later than 1 month after the date of this meeting;
- (d) the Placement Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on and from the date of issue while the terms and conditions of issue of the Placement Options are set out in Schedule 1; and
- (e) the funds raised from the issue to Paul MacLeman will go towards the same items as Tranche Two.

Directors' recommendation

Failure to approve the issue of Placement Shares and Placement Options to Paul MacLeman would result in him being unable to participate in the Placement, thereby limiting the alignment of Paul MacLeman's interests with that of the Company and the Shareholders.

All the Directors (except Paul MacLeman due to his material personal interest in the outcome of the Resolution, as it relates to the proposed grant of Placement Shares to him individually or his nominee) recommend that the Shareholders vote in favour of Resolution 5.

The Board (other than Paul MacLeman) is not aware of any other information that would be reasonably required by the Shareholders to allow them to make a decision regarding the financial benefit the subject of this Resolution or whether it is in the best interests of the Company to pass the Resolution.

INFORMATION FOR RESOLUTION 6

Information required by Listing Rule 10.13 - Resolution 6

Pursuant to and in accordance with Listing Rule 10.13 the following information is provided in relation to Resolution 6:

- (f) 33,334 Placement Shares and 16,667 Placement Options will be issued to Liddy McCall (or her nominee);
- (g) the issue price will be \$0.15 per Placement Share, being the same issue price as under Tranche One and Tranche Two, with no additional amount payable for the issue of the Placement Options;
- (h) the Placement Shares and Placement Options will be issued on the date of settlement of Tranche Two and in any event no later than 1 month after the date of this meeting;
- (i) the Placement Shares are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on and from the date of issue while the terms and conditions of issue of the Placement Options are set out in Schedule 1; and
- (j) the funds raised from the issue to Liddy McCall will go towards the same items as Tranche Two.

Directors' recommendation

Failure to approve the issue of Placement Shares and Placement Options to Liddy McCall would result in her being unable to participate in the Placement, thereby limiting the alignment of Liddy McCall's interests with that of the Company and the Shareholders.

All the Directors (except Liddy McCall due to her material personal interest in the outcome of the Resolution, as it relates to the proposed grant of Placement Shares to her individually or her nominee) recommend that the Shareholders vote in favour of Resolution 6.

The Board (other than Liddy McCall) is not aware of any other information that would be reasonably required by the Shareholders to allow them to make a decision regarding the financial benefit the subject of this Resolution or whether it is in the best interests of the Company to pass the Resolution.

GLOSSARY

AEST means Australian Eastern Standard Time.

ASX means the Australian Securities Exchange or ASX Limited as the context requires.

Aurenda Partners means Aurenda Partners Pty Ltd (ACN 617 781 254), a corporate authorised representative (CAR No. 1257708) of Lanterne Strategic Investors Pty Ltd (AFSL No. 238198)

Bell Potter means Bell Potter Securities Limited (ACN 006 390 772) AFSL 243480.

Board means the board of Directors of the Company.

Chair means the chair of the Board or the person chairing the meeting (as the context requires).

Company means AdAlta Limited ACN 120 332 925.

Constitution means the constitution of the Company.

Corporations Act means *Corporations Act 2001* (Cth).

Directors means the directors of the Company.

Explanatory Memorandum means this explanatory memorandum.

Listing Rules means the ASX Listing Rules.

Meeting means the extraordinary general meeting of members called under the Notice.

Notice means the notice of meeting to which this Explanatory Memorandum is attached.

Placement means the placement of 33,333,333 Shares at a price of \$0.15 per Share, with one free attaching Placement Option for every 2 Placement Shares, as announced by the Company on 23 May 2019.

Placement Options means an option to be issued a Share exercisable at \$0.25 per option at any time prior to and including, 30 June 2021, on the terms and conditions set out in Schedule 1.

Placement Shares means Shares offered under the Placement.

Proxy Form means the proxy form attached to or accompanying the Notice.

Related Party has the meaning given in the Listing Rules or the Corporations Act, as the context requires.

Resolution means a resolution set out in the Notice.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of a Share.

Share Registry means Automic Pty Ltd, trading as Automic Registry Services.

SCHEDULE 1

TERMS OF ISSUE OF PLACEMENT OPTIONS

1. Entitlement

Each option (**Option**) entitles the holder (**Holder**) to subscribe for one fully paid ordinary share in the capital of the Company (**Share**), subject to adjustment under these terms.

The Holder has no right to, or interest in, a Share unless and until it is issued to the Holder on exercise of the Option.

2. Issue price

No amount is payable on issue of the Options.

3. Exercise price

The exercise price of each option is A\$0.25, subject to adjustment under these terms (**Exercise Price**).

4. Option period

Each Option may be exercised in whole or in part at any time before 30 June 2021 (**Expiry Date**). An Option not exercised, automatically expires at 5.00pm, Melbourne time, on the Expiry Date.

5. Certificate

The Company must give each Holder a certificate or holding statement stating:

- (a) the number of Options issued to the Holder;
- (b) the exercise price of the Options; and
- (c) the date of issue of the Options.

6. Transferability

Each Option (and any interest in it) may not be transferred by the Holder except in accordance with these terms.

Any unauthorised transfer will not be recognised by the Company.

If the Options are admitted to trading on ASX, the Options may be freely traded in accordance with the ASX Operating Rules.

If the Options are not admitted to trading on ASX, the Options may only be traded via a transaction which is not 'on-market' in accordance with the ASX Operating Rules and which is otherwise in a form acceptable to the Company.

7. Participation rights, bonus issues, rights issues and reorganisations

7.1 Participation

A Holder is not entitled to participate in any new issue to existing holders of securities in the Company except to the extent they:

- (a) have exercised their Options before the record date for determining entitlements to the new issue of securities; and
- (b) participate as a result of holding Shares on exercise of those Options.

7.2 Notice of new issue

In accordance with the ASX Listing Rules, the Company must give a Holder notice of:

- (a) the proposed terms of any issue or offer proposed under clause 7.1; and
- (b) the right to exercise their Options under clause 7.1.

7.3 Bonus issues

If the Company makes a bonus issue of Shares or other securities to shareholders (except an issue in lieu of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, then the number of underlying Shares over which the Option is exercisable is increased by the number of Shares which the Holder would have received if the Holder had exercised the Option before the record date for determining entitlements to the issue.

7.4 Pro rata issues

If the Company makes a pro rata issue of Shares (except a bonus issue) to existing shareholders (except an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of the Option before the record date for determining entitlements to the issue, the exercise price of each Option shall be adjusted in accordance with ASX Listing Rule 6.22.2.

7.5 Reorganisation

If there is a reorganisation (including consolidation, sub-division, reduction or return) of the share capital of the Company, then the rights of the Holder (including the number of Options to which each Holder is entitled to and the exercise price) shall be adjusted to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

7.6 Calculations and adjustments

Any calculations or adjustments which are required to be made under this clause 7 will be made by the Board of the Company and will, in the absence of manifest error, be final and conclusive and binding on the Company and the Holder.

7.7 Notice of change

The Company must within a reasonable period and otherwise in accordance with ASX Listing Rules if they apply, give to each Holder notice of any change under clause 7 to the exercise price of any Options held by the Holder or the number of Shares which the Holder is entitled to subscribe for on exercise of an Option.

7.8 No breach

Notwithstanding anything in these terms, the Company shall not be required to take any action which would be in breach of any applicable law, regulation or if applicable, the ASX Listing Rules.

8. Method of exercise of Options

8.1 Method and payment

To exercise Options, the Holder must give the Company or its share registry, at the same time:

- (a) a written notice (in the form approved by the board of the Company from time to time) (**Exercise Notice**) specifying the number of Options being exercised (**Exercise Options**);
- (b) payment of the Exercise Price for the Exercise Options by way of electronic funds transfer, bank cheque or by other means of payment approved by the Company; and
- (c) the certificate (if any) for the Exercise Options.

8.2 Exercise all or some Options

- (a) An Holder may only exercise Options in multiples of 1,000 unless the Holder exercises all Options held by them.
- (b) Options will be deemed to have been exercised on the latest of the date:
 - (i) the Exercise Notice;
 - (ii) the Exercise Price; and
 - (iii) the Option certificate (if any),
 is received by the Company or the share registry.

8.3 Option certificates

If a Holder exercises less than the total number of Options registered in the Holder's name:

- (a) the Holder must surrender their Option certificate (if any); and
- (b) the Company must cancel the Option certificate (if any) and issue the Holder a new Option certificate or holding statement stating the remaining number of Options held by the Holder.

8.4 Issue of shares

Within 10 days after receiving an Exercise Notice and payment by the Holder of the Exercise Price, the Company must issue the Holder the number of Shares specified in the Exercise Notice.

9. Ranking of shares issued on exercise of Options

Subject to the Company's constitution, all Shares issued on the exercise of Options rank in all respects (including rights relating to dividends) *pari passu* with the existing Shares as at the date of issue.

10. Quotation

- (a) The Company will apply to ASX Limited for official quotation of the Options but does not guarantee the quotation of the Options, which is subject to the ASX Listing Rules.
- (b) The Company will apply to ASX Limited for official quotation of the Shares issued on exercise of Options promptly after their issue.

11. Governing law

These terms and the rights and obligations of Holders are governed by the laws of Victoria. Each participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Victoria.

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Vote by Proxy: 1AD

Your proxy voting instruction must be received by **11.00am (AEST) on Tuesday, 25 June 2019**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.


ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



Contact	Return your completed form  BY MAIL: Automic GPO Box 5193 Sydney NSW 2001	 IN PERSON: Automic Level 5, 126 Phillip Street, Sydney NSW 2000	Contact us – All enquiries to Automic  WEBCHAT: https://automic.com.au/  EMAIL: meetings@automicgroup.com.au  PHONE: 1300 288 664 (Within Australia) +61 2 9698 5414 (Overseas)
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STEP 1: Appoint Your Proxy	Complete and return this form as instructed only if you do not vote online I/We being a Shareholder entitled to attend and vote at the Extraordinary General Meeting of AdAlta Limited will be held at 11.00am (AEST) on Thursday, 27 June 2019 at Workspace365, 14/330 Collins St, Melbourne VIC 3000 hereby: Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof. <div style="border: 1px solid black; height: 20px; width: 100%;"></div>
	The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote. Unless indicated otherwise by ticking the "for," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

STEP 2: Your Voting Direction	<table border="1"> <thead> <tr> <th>Resolutions</th> <th>For</th> <th>Against</th> <th>Abstain</th> </tr> </thead> <tbody> <tr> <td>1. Ratification of Issue of Tranche One under the May 2019 Placement</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>2. Approval of the Issue of Tranche Two under the May 2019 Placement</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>3. Participation in Placement by Robert Peach</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>4. Participation in Placement by James Williams</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>5. Participation in Placement by Paul MacLeman</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>6. Participation in Placement by Liddy McCall</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </tbody> </table>	Resolutions	For	Against	Abstain	1. Ratification of Issue of Tranche One under the May 2019 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2. Approval of the Issue of Tranche Two under the May 2019 Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. Participation in Placement by Robert Peach	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	4. Participation in Placement by James Williams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. Participation in Placement by Paul MacLeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. Participation in Placement by Liddy McCall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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<p>Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.</p>																													

STEP 3: Sign Here + Contact Details	SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> Individual or Securityholder 1 <div style="border: 1px solid black; height: 30px; width: 250px;"></div> Sole Director and Sole Company Secretary </div> <div style="text-align: center;"> Securityholder 2 <div style="border: 1px solid black; height: 30px; width: 250px;"></div> Director </div> <div style="text-align: center;"> Securityholder 3 <div style="border: 1px solid black; height: 30px; width: 250px;"></div> Director / Company Secretary </div> </div>
	Contact Name: <div style="border: 1px solid black; height: 20px; width: 100%;"></div> Email Address: <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="border: 1px solid black; height: 20px; width: 100%;"></div> <div style="display: flex; justify-content: space-between;"> <div> Contact Daytime Telephone <div style="border: 1px solid black; height: 20px; width: 150px;"></div> </div> <div> Date (DD/MM/YY) <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; height: 20px; width: 30px; margin-right: 5px;"></div> <div style="font-size: 1.2em; margin: 0 5px;">/</div> <div style="border: 1px solid black; height: 20px; width: 30px; margin-right: 5px;"></div> <div style="font-size: 1.2em; margin: 0 5px;">/</div> <div style="border: 1px solid black; height: 20px; width: 30px;"></div> </div> </div> </div> <p>By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).</p>