

ASX / Media Release

Facility with Radium Capital for prepayment of forecast R&D Tax Incentive claim

MELBOURNE Australia, 20 December, 2019: AdAlta Limited (ASX:1AD), the biotechnology company advancing its lead i-body candidate toward clinical development, advises that it has executed a non-dilutive funding agreement with Radium Capital (Radium).

The loan facility provides AdAlta with immediate funds equivalent to the majority of its accrued R&D Tax Incentive (RDTI) rebate each quarter. Early access to these funds will help facilitate the initial human clinical trials of lead product candidate AD-214 that are on track to commence in the first quarter of 2020. This facility is one of the capital management strategies referred to during last month's Annual General Meeting presentation.

Under the loan facility, AdAlta is able to access up to 80% of its accrued RDTI rebate each quarter. The eligible RDTI expenditure each month must be verified by an accounting firm approved by Radium and the accrued rebate is calculated assuming the Federal Government's recently announced changes to Research and Development Tax Incentive scheme become law and are implemented for the FY20 financial year. Interest on facility advances accrue at 15% per annum. Repayment is timed to coincide with receipt of AdAlta's 2020 RDTI refund, expected by 30 September 2020.

The initial advance under the facility for the quarter ending 30 September 2019 will be \$961,000 and will be received prior to the end of 2019.

Managing Director and CEO, Dr Tim Oldham commented, "This facility is a prudent option to be able bring forward future cash flows as we move closer to key inflection points in the Company's history."

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Notes to Editors

About AdAlta

AdAlta Limited is an Australian-based drug development company headquartered in Melbourne. The Company is using its proprietary technology platform to generate a promising new class of protein therapeutics, known as i-bodies, that have the potential to treat some of today's most challenging medical conditions. The technology mimics the shape and stability of a crucial antigen-binding domain, that was discovered initially in sharks and then developed as a human protein. The result is a range of unique compounds, capable of uniquely interacting with previously difficult to access targets such as G-protein coupled receptors and ion channels that are implicated in many serious diseases.

AdAlta is currently preparing for its phase 1 clinical studies for its lead i-body candidate, AD214. The clinical program is expected to commence in early 2020 following completion of the current toxicity study, clinical trial design finalisation and manufacture of clinical product. AD214 is being developed for the treatment of Idiopathic Pulmonary Fibrosis (IPF) and other human fibrotic diseases, for which current therapies are sub-optimal and there is a high-unmet medical need. The Company is also in collaborative partnerships to advance the development of its i-body platform. It has recently announced an agreement with UK-based research organisation, Excellerate Bioscience to collaborate on an undisclosed target of commercial interest and an agreement with GE Healthcare for diagnostic imaging agents against several drug targets, including Granzyme B.

AdAlta plans to continue further drug discovery and development directed towards other drug targets and diseases.

Further information can be found at: www.adalta.com.au.

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