

11 August 2020

ASX Announcement

\$4 MILLION PLACEMENT AND 1 FOR 4 RIGHTS OFFER FOR UP TO \$4.1 MILLION

Highlights

- \$4 million commitments received in Placement with existing and new institutional and sophisticated investors at \$0.10 per share
- \$4.1 million one for four rights Offer to be launched at the same price
- Placement over-subscribed, strong indications of support from existing major shareholders for Offer
- Funds to be used to extend clinical and pre-clinical development of AD-214, expand product pipeline and continuous improvement of the i-body platform

MELBOURNE Australia, 11 August 2020: AdAlta Limited (ASX:1AD), the clinical stage biotechnology company developing novel therapeutic products from its i-body platform is pleased to announce commitments for the placement of 40,000,000 fully paid ordinary shares in the Company to institutional and sophisticated investors at a price of \$0.10 per share to raise \$4.0 million before costs (**Placement**). The Company is also announcing that it is launching a non-renounceable rights offer to Eligible Shareholders to acquire one new share for every four shares held at the same price of \$0.10 per share to raise up to \$4.1 million before costs (**Offer** or **Entitlement Offer**), the indicative dates for which appear below.

This Announcement is accompanied by an ASX Appendix 3B for each of the Placement and the Offer, and a cleansing statement for the Offer.

The Placement was strongly supported by existing and new institutional and sophisticated investors and was heavily 'over-subscribed' in pre-allocation commitments. The Company has also received strong indications of support for the Offer from existing major shareholders.

AdAlta Chair, Dr Paul MacLeman commented: "Commencing clinical trials of lead product candidate, AD-214, is a key validation of our i-body platform and provides the catalyst to progress the growth strategy we outlined earlier this year. We are grateful for, and encouraged by, the support received from our major shareholders and new investors during the Placement. We are pleased to now enable all our existing shareholders the opportunity to maintain or increase their investment through the Offer as we work to realise the full potential of AD-214, our pipeline and the i-body platform."

The price of the Placement and Offer represents a 14.1% discount to the volume weighted average closing price (VWAP) over the 15 trading days prior to the Placement and a 4.8% discount to the last closing price. All new shares issued under the Placement and Entitlement Offer will rank equally with existing AdAlta ordinary shares on issue. Further details about the Placement and Offer appear below.

The proceeds of the Placement and Offer will be invested for:

- Further developing AdAlta's lead asset, AD-214, by progressing Parts B and C of the Phase I clinical trial of AD-214 (conducted in Interstitial Lung Disease (ILD) and Idiopathic Pulmonary Fibrosis (IPF) patients);

conducting additional pre-clinical studies to support partnering, additional indications and future clinical programs; and continuously improving manufacturing

- Ensuring the i-body platform retains technology leadership in addressing challenging drug targets by investing in continuous improvement of the i-body platform
- Conducting selection and initiating i-body discovery projects to add new internal pipeline assets
- General corporate costs and working capital, including development of additional i-body platform collaborations to expand the Company's external pipeline and generating and evaluating out-licensing options for AD-214.

Authorised for lodgement by:

Tim Oldham
CEO and Managing Director
August 2020

About AdAlta

AdAlta Limited is a clinical stage drug development company headquartered in Melbourne, Australia. The Company is using its proprietary i-body technology platform to solve challenging drug targeting problems and generate a promising new class of single domain antibody protein therapeutics with the potential to treat some of today's most challenging medical conditions. The i-body technology mimics the shape and stability of a unique and versatile antigen-binding domain that was discovered initially in sharks and then developed as a human protein. The result is a range of unique proteins capable of interacting with high selectivity, specificity and affinity with previously difficult to access targets such as G-protein coupled receptors (GPCRs) that are implicated in many serious diseases.

AdAlta is conducting Phase 1 clinical studies for its lead i-body candidate, AD-214. AD-214 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 entering collaborative agreements to advance the development of its i-body platform. It has an agreement with GE Healthcare for diagnostic imaging agents against several drug targets, including Granzyme B.

AdAlta's strategy is to maximise the products developed using its next generation i-body platform by internally discovering and developing selected i-body enabled product candidates against GPCRs implicated in fibrosis, inflammation and cancer and collaborating with other biopharmaceutical companies to develop product candidates against other classes of receptor, in other indications, and in other product formats.

About the Placement

The Placement will be made under AdAlta's existing placement capacity under ASX Listing Rules 7.1 in respect of 23,605,439 shares and 7.1A in respect of 16,394,561 shares and does not require shareholder approval. The Placement was managed by WG Partners as lead manager and bookrunner. WG Partners will receive fees equal to 6% of the funds received by the Company under the Placement. WG Partners will also receive similar fees for managing the Offer, details of which will appear in the Offer documentation.

About the Offer

The Offer will enable Eligible Shareholders who are registered shareholders as at 5:00pm (AEST) on Friday, 14 August 2020 (**Record Date**) with a registered address in Australia or New Zealand to acquire one new fully paid ordinary share for every four shares held at the Record Date. The Offer will include a **Top-Up Facility** enabling Eligible Shareholders to apply for **Additional Shares** (shares not subscribed for by other Eligible Shareholders) and a **Shortfall Facility** enabling the Directors the discretion to place any shares not taken up by Eligible Shareholders under the Offer for a period of three months from the close of the Offer at a price no less than the Offer price. New Shares will issue under the Placement after the Offer Record Date, so subscribers under the Placement will not be able to participate in the Offer with respect to their Shares issued under the Placement.

Full details of the Offer and how to apply for Offer shares may be found in the Offer Document which is intended to be released to the ASX (www.asx.com.au) and distributed to Eligible Shareholders on 19 August 2020. Eligible Shareholders will also be able to obtain an electronic version of the Offer Document and request an electronic version of their personal application forms from the Company website (<https://adalta.com.au>) from 19 August 2020.

Placement and Offer Timetable

<i>Indicative Capital Raising Event</i>	<i>Date*</i>
Record Date for Entitlement Offer	14 August 2020
Issue of New Shares under Placement	18 August 2020
Dispatch of Offer Booklet and Entitlement Offer opens	19 August 2020
Normal trading of New Shares under Placement	19 August 2020
Entitlement Offer closes	5pm, 2 September 2020
Allotment and issue of New Shares under Entitlement Offer	8 September 2020
Normal trading of New Shares under Entitlement Offer	9 September 2020

* Dates / times are indicative and subject to change.

Further information can be found at: <https://adalta.com.au>

For more information, please contact:

Investors

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