



AdAlta
next generation protein therapeutics

ADALTA LIMITED
ACN 120 332 925

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

**To be held as a
virtual meeting
on**

Wednesday 25 November 2020

Time of Meeting
11:00am (AEDT)

IMPORTANT INFORMATION: Due to the COVID-19 pandemic, the AGM will be held as a virtual meeting. If you are a shareholder and you wish to virtually attend the AGM, please pre-register in advance for the virtual meeting here:

https://us02web.zoom.us/webinar/register/WN_my7oiXp-RJu5ja4X-Q_mQQ

ADALTA LIMITED
ACN 120 332 925

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of the Shareholders of AdAlta Limited (Company) which will be held at 11:00am (AEST) on 25 November 2020. In light of current public health restrictions relating to the spread of COVID-19 the Company has made the decision to hold the Annual General Meeting as a fully virtual meeting. There will not be a physical meeting where shareholders can attend, but Shareholders can attend, vote and ask questions electronically through a virtual meeting accessible online via the link below:

https://us02web.zoom.us/webinar/register/WN_my7oiXp-RJu5ja4X-Q_mQQ

In accordance with section 5(1)(f) of the Corporations (Coronavirus Economic Response) Determination (No. 3) 2020 made by the Commonwealth Treasurer on 21 September 2020, the Notice is being made available to Shareholders electronically and can be viewed and downloaded online at the following link:

<https://adalta.com.au/investors/asx-announcements/>

Instructions on how to attend the Meeting and vote are in the Explanatory Memorandum which forms part of this Notice of Annual Shareholders' Meeting and in the accompanying online meeting guide.

The Explanatory Memorandum 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 on 23 November 2020 at 7pm (AEDT).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2020, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 - Adoption of Remuneration Report

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

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual report for the financial year ended 30 June 2020."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion - Resolution 1

In accordance with section 250R of the Corporations Act, a vote must not be cast (in any capacity) on this Resolution by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such member (collectively, a **KMP**). However, a KMP may cast a vote on this Resolution 1 as a proxy if the vote is not cast on behalf of a KMP and either:

- (a) the KMP is acting as proxy and the proxy form specifies how the proxy is to vote; or

- (b) the proxy is the Chair of the meeting and the appointment as proxy (i) does not specify the way the proxy is to vote on the Resolution, and (ii) which expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 - Election of Director – David Fuller

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

"That, Dr Fuller, who was appointed by the Board as a Director on 22 July 2020, in accordance with Listing Rule 14.4 and clause 16.6 of the Constitution being eligible is elected as a Director of the Company."

4. Resolution 3 - Re-election of Director – Paul MacLeman

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

"That, for the purpose of Listing Rule 14.4 and clause 16.4 of the Constitution and for all other purposes, Dr Paul MacLeman, a Director, retires and being eligible, is re-elected as a Director."

5. Resolution 4 – Ratification of Prior Issue of Placement Shares issued under Listing Rule 7.1

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the allotment and prior issuances of an aggregate of 23,605,439 fully paid ordinary shares to sophisticated and professional investors on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion: - Resolution 4

The Company will disregard any votes cast in favour of this Resolution 4 by any person who participated in the issue, or an associate of that person.

However, the Company will not disregard a vote if it is cast by

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution, and
 - (ii) the shareholder votes on the resolution in accordance with directions given by the beneficiary to the shareholder to vote in that way.

6. Resolution 5 – Ratification of Prior Issue of Placement Shares issued under Listing Rule 7.1A

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the allotment and prior issue of 16,394,561 fully paid ordinary shares to sophisticated and professional investors on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion: - Resolution 5

The Company will disregard any votes cast in favour on this Resolution 5 by any person who participated in the issue, or an associate of that person.

However, the Company will not disregard a vote if it is cast by

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution, and
 - (ii) the shareholder votes on the resolution in accordance with directions given by the beneficiary to the shareholder to vote in that way.

7. Resolution 6 - Ratification of Prior Issue of Placement Shares issued under Listing Rule 7.1

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the allotment and prior issuances of an aggregate of 243,837 fully paid ordinary shares to sophisticated and professional investors on the terms and conditions set out in the Explanatory Statement which accompanies and forms part of this Notice of Meeting."

Voting Exclusion: - Resolution 6

The Company will disregard any votes cast in favour of this Resolution 6 by any person who participated in the issue, or an associate of that person.

However, the Company will not disregard a vote if it is cast by

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution, and
 - (ii) the shareholder votes on the resolution in accordance with directions given by the beneficiary to the shareholder to vote in that way.

8. Resolution 7 – Approval of 10% placement capacity

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

“That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totaling up to 10% of the issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.”

Voting Exclusion: - Resolution 7

The Company will disregard any votes cast in favour on this Resolution 7 by any person who at the time approval pursuant to this Resolution 6 is sought the Company is proposing to make an issue of equity securities under rule 7.1A.2, any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or an associate of any of those persons.

However, the Company will not disregard a vote if it is cast by

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with the directions given to the proxy or attorney to vote on the resolution in that way;
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a shareholder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution, and
 - (ii) the shareholder votes on the resolution in accordance with directions given by the beneficiary to the shareholder to vote in that way.

9. Resolution 8 – Adoption of adjustments to Constitution

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

“That pursuant to section 136(2) of the Corporations Act and for all other purposes, the members of the Company approve the amendment of clause 10.4 of the Company's Constitution relating to restricted securities as detailed in the Explanatory Memorandum which accompanies this Notice of Meeting and is marked 'Annexure A'.”

Dated 22 October 2020

BY ORDER OF THE BOARD



Cameron Jones
Company Secretary

ADALTA LIMITED

ACN 120 332 925

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held electronically through a virtual meeting accessible online via the link below on Wednesday, 25 November 2020 at 11:00am (AEDT):

https://us02web.zoom.us/webinar/register/WN_my7oiXp-RJu5ja4X-Q_mQQ

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

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

Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting virtually or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending virtually and voting at the Meeting (in which case their proxy will be disregarded).

Personalised Proxy Forms will be available online at <https://investor.automic.com.au/#/home>.

Please note that:

- (a) a member of the Company entitled to attend (virtually) and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

A proxy can be either an individual or a body corporate. Should you appoint a body corporate as your proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at meetings in accordance with section 250D of the Corporations Act and provide satisfactory evidence of the appointment of its corporate representative to the Company prior to the Meeting.

To be valid, completed Proxy Forms or electronic voting instructions must be submitted to the Company's share registry, Automic, and received by 11:00am (AEDT) on Monday, 23 November 2020, being no later than 48 hours before the commencement of the Meeting.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- (a) the proxy must vote as directed;
- (b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must vote as directed;
- (c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote as directed; and
- (d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- (a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- (b) the appointed proxy is not the chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
 - i) the proxy is not recorded as attending the meeting; or
 - ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Authorised representative of corporate shareholders

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act in which case the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the Corporations Act to be provided prior to the Meeting.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. Annual Report

There is no requirement for Shareholders to approve the Annual Report. Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report which is available online at www.adalta.com.au;
- (c) ask questions or make comment online in connection with the management of the Company;
- (c) ask the auditor questions online about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions online at the Meeting, written questions may be submitted to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report;
- (b) the conduct of the audit;
- (c) accounting policies by the Company in relation to the preparation of the financial statements; and

(d) the independence of the auditor in relation to the conduct of the audit.

Written questions may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office or via email at cameron.jones@bio101.com.

4. Resolution 1 - Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the adoption of the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

Section 250R(3) of the Corporations Act provides that a vote on the adoption of the Remuneration Report (i.e. Resolution 1) is advisory only and does not bind the Directors or the Company.

While the vote on this Resolution 1 is advisory only, the outcome of the vote will be considered for the purposes of the "two strikes rule", where if a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders a "board spill resolution" at the second of those annual general meetings. If the board spill resolution is passed at the second of those annual general meetings, the Company is required to hold a further meeting of the Shareholders within 90 days at which all Directors (other than the managing director) who were in office at the date of approval of the Directors' Report (voted upon at the second of those annual general meetings) must stand for re-election.

No strike was recorded at the Company's 2019 annual general meeting. On this basis, while the vote on the Remuneration Report at this Meeting may potentially be counted towards the two strikes in the future, no board spill can occur this year.

The Chairman will allow a reasonable opportunity for Shareholders to ask online about, or make comments on the Remuneration Report.

Recommendation

The Directors unanimously recommend that the Shareholders vote in favour of Resolution 1.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's stated intention, even though the resolution is connected with the remuneration of a member of the Key Management Personnel.

5. Resolution 2 – Election of Director – Dr David Fuller

Dr David Fuller was appointed by the Directors on 22 July 2020. Pursuant to Listing Rule 14.4 and clause 16.6 of the Constitution, a Director appointed by the Board as an additional director or to fill a casual vacancy holds office until the end of the next annual general meeting of the Company, at which time that Director is eligible and stand for election. Dr David Fuller, having been appointed as an additional director on 22 July 2020, is eligible and seeks approval for election as a Director under this Resolution 2.

Dr David Fuller's qualifications and experience are set out in the Annual Report.

Recommendation

The Directors (with Dr Fuller abstaining) recommend that the Shareholders vote in favour of Resolution 2.

The Chair intends to vote all undirected proxies in favour of Resolution 2.

6. Resolution 3 - Re-election of Director – Dr Paul MacLeman

Listing Rule 14.4 and clause 16.4 of the Constitution require that a Director (excluding the managing Director) must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer.

At each annual general meeting one-third of the Directors (except for the managing Director) or, if their number is not three or a multiple of three, then the number nearest but not exceeding one-third, shall retire from office by rotation. A Director appointed by the Board as an additional director or to fill a casual vacancy but will not be taken into account in determining the number of Directors who must retire by rotation. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day shall (unless they otherwise agree between themselves) be determined by lot.

A Director who retires under clause 16.4 of the Constitution is eligible for re-election.

Dr Paul MacLeman, a director since 16 April 2015 and last re-elected on 14 November 2017, retires and seeks re-election. Dr Paul MacLeman's qualifications and experience are set out in the Annual Report.

Recommendation

The Directors (with Dr MacLeman abstaining) recommend that the Shareholders vote in favour of Resolution 3. The Chair intends to vote all undirected proxies in favour of Resolution 3.

7. Resolutions 4, 5 and 6 – Ratification of Prior Issue of Placement Shares issued under Listing Rules 7.1 and 7.1A

7.1 Background

On 18 August 2020, the Company issued 40,000,000 Shares at \$0.10 per share to raise \$4,000,000 under a placement to professional and sophisticated investors, as announced to ASX on 11 August 2020.

On 9 September 2020, the Company issued 43,837 shares at \$0.10 per share to raise \$4,383.70 under a placement to professional and sophisticated investors, as announced to ASX on 7 September 2020

On 11 September 2020, the Company issued 200,000 shares at \$0.10 per share to raise \$20,000 under a placement to professional and sophisticated investors, as announced to ASX on 7 September 2020.

The Share issues described below (each a **Placement**) were issued utilising the Company's existing capacity under Listing Rule 7.1 and Listing Rule 7.1A, respectively. Accordingly, Shareholder approval is being sought to ratify the prior issue and allotment of:

- a) 23,605,439 Placement Shares issued under Listing Rule 7.1 (Resolution 4), issued on 18 August 2020;
- b) 16,394,561 Placement Shares issued under Listing Rule 7.1A (Resolution 5), issued on 18 August 2020.
- c) 43,837 Placement Shares issued under Listing Rule 7.1 (Resolution 6), issued on 9 September 2020;
- d) 200,000 Placement Shares issued under Listing Rule 7.1 (Resolution 6), issued on 11 September 2020;

The Company issued the Shares (the subject of Resolutions 4 and 6) within the 15% rolling 12 month limit set out in ASX Listing Rule 7.1 and the Shares (the subject of Resolution 5) within the 10% rolling 12 month limit set out in ASX Listing Rule 7.1A (described below). By issuing those Shares under the Placements, the Company's capacity to issue further Equity Securities without Shareholder approval within those limits was accordingly reduced.

Resolutions 4, 5 and 6 seek Shareholder approval for the prior issue of a total of 40,243,837 Shares to the places noted above. Each Resolution is an ordinary resolution and will be passed if more than 50% of the votes cast by Shareholders entitled to vote are in favor of the particular Resolution. Shareholders' attention is drawn to the voting exclusion statement in the Notice.

7.2 Listing Rules 7.1, 7.1A and 7.4

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue or agree to issue more equity securities in any rolling 12 month period other than the amount which is equal to 15% of its fully paid ordinary securities on issue at the start of that 12 month period (**15% capacity**).

ASX Listing Rule 7.1A provides that, in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid up to the number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1A (**10% capacity**). The Company is an eligible entity and last sought and received Shareholder approval for its 10% capacity at its Annual General Meeting held on 26 November 2019.

Listing Rule 7.4 provides that where an entity in a general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1), those securities will be deemed to have been made with Shareholder approval under Listing Rule 7.1, thereby "refreshing" the Company's capacity under Listing Rule 7.1. Listing Rule 7.4 can also be used to ratify a previous issue of securities made with approval pursuant to Listing Rule 7.1A.

By ratifying these previous issues, the Company will retain the flexibility to issue equity securities in the future within the limits of ASX Listing Rules 7.1 and 7.1A up to its 15% capacity and 10% capacity, respectively, without needing to seek further Shareholder approval. If any of Resolutions 4, 5 and 6 are not passed, the Company's ability to issue new securities without shareholder approval will not include the number of shares for which ratification is not obtained at this Meeting until the earlier of (i) the date that that previous issue is ratified at a subsequent meeting and (ii) 12 months from the date of issue the those Shares.

Accordingly, Resolutions 4, 5 and 6 seek Shareholder approval to allow the Company to refresh its 15% capacity and 10% capacity, respectively.

7.3 Information required by ASX Listing Rule 7.5

ASX Listing Rule 7.5 requires that the Meeting documents concerning a proposed resolution to ratify an issue of securities in accordance with ASX Listing Rule 7.4 must include the following information:

- a) The names of the allottees (or the basis on which the allottees were determined)

The Placement Shares were issued to sophisticated and professional investors introduced to the Company to subscribe for the Placement Shares by its brokers, WG Partners, none of whom are related parties of the Company.

- b) The number and class of securities the entity issued
- i. Resolution 4 - 23,605,439 Shares have been issued under the Company's Listing Rule 7.1 15% capacity.
 - ii. Resolution 5 - 16,394,561 Shares issued under the Company's Listing Rule 7.1A 10% capacity
 - iii. Resolution 6 - an aggregate of 243,837 Shares have been issued under the Company's Listing Rule 7.1 15% capacity

- c) The Dates the Shares were issued
- i. Resolution 4 - 23,605,439 Shares issued on 18 August 2020.
 - ii. Resolution 5 - 16,394,561 Shares issued on 18 August 2020.
 - iii. Resolution 6 - 43,837 Shares issued on 9 September 2020 and 200,000 Shares issued on 11 September 2020

- d) The issue price of the securities
All of the Placement Shares were issued at \$0.10 per Share

- e) The terms of the securities
The Shares rank equally with all Shares currently on issue.

- f) The intended use of the funds raised
The current and intended use of funds raised is to continue implementing the strategic plan outlined in March 2020 (full details of which are available on the Company website). More specifically, the funds will be applied as described in the Offer Document for the Entitlement Issue lodged with the ASX on 19 August 2020 to:

- Developing the AD-214 asset 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 potential out-licensing of AD-214.

- g) If the Shares were issued under any agreement, details of the Agreement(s)
The Placement was managed by WG Partners as lead manager and bookrunner. Fees payable to WG Partners comprised (i) a 3% commission of the total gross proceeds of the Transaction (as a management fee) plus (ii) a 3% commission of the total gross proceeds of the Transaction raised from investors introduced by WG as well as any Rights Issue shortfall that is placed by WG Partners within one month of completion of the Rights Issue,

The Board of Directors unanimously recommend that shareholders vote in favour of Resolutions 4, 5 & 6.

8. Resolution 7 – Approval of 10% placement capacity

8.1 General

Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (10% **Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 7, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 7 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting (refer to 10% Placement Capacity Period defined below), without prior Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1. If Resolution 7 is not passed, the Company will not be able to access the 10% Placement Capacity and will remain subject to the 15% limit on issuing equity securities without shareholder approval set out in Listing Rule 7.1.

Resolution 7 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 7 for it to be passed.

8.2 Listing Rule 7.1A

Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those available to be issued under the Eligible Entity's Listing Rule 7.1 15% placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- a) is not included in the A&P/ASX 300 Index; and
- b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300m.

The Company is an Eligible Entity as it is not included in the A&P/ASX 300 Index and at the date of this Notice has a current market capitalisation of approximately \$30.6m based on a share price of \$0.125 as at 20 October 2020.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities, being Shares (ASX Code: 1AD).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
 - (b) plus the number of partly paid shares that became fully paid in the 12 months;
 - (c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
 - (d) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

- D** is 10%.
- E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

8.3 Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this Resolution 7:

a) Applicable Period

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting approving this Resolution 7 and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting;
- (ii) The time and date of the entity's next annual general meeting, and
- (iii) the date of approval by Shareholders of any transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

(10% Placement Capacity Period).

Shareholder approval under Listing Rule 7.1A does not lapse if the Company's market capitalisation subsequently exceeds \$300 million or if it is included in the S&P/ASX 300 Index at some time during that period provided that the Company meets those criteria on the date of this Meeting.

b) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX Trading Days of the date in paragraph (b)(i) above, the date on which the Equity Securities are issued.

c) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for cash consideration purposes only. The Company intends to use funds raised for expanding or accelerating the Company's existing business activities (including expenses associated with further development of the Company's existing assets and discovery of new assets), pursuing other acquisitions that have a strategic fit or will otherwise add value to shareholders (including expenses associated with such acquisitions) and general working capital. The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

d) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the economic and voting interests of Shareholders who do not receive any Shares under the issue.

If Resolution 7 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

Shareholders should note that there is a risk that:

- i) the market price for the Company's Equity Securities in that class may be significantly lower on the issue date than on the date of the approval under Listing Rule 7.1A; and
- ii) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the date of issue of those Equity Securities ,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the potential dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A(2), on the basis of the current market price of Shares and the number of Equity Securities the Company will have on issue as at the date of this Notice of Meeting.

The table also shows:

- i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company will have on issue at the date of the Meeting. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- ii) two examples of where the issue price of ordinary securities has altered, one by a decrease by 50% and the other by an increase by 50% as against the current market price. The voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Variable 'A' in Listing Rule 7.1A.2		50% decrease in Issue Price	Issue Price	50% increase in Issue Price
		\$0.0625	\$0.125	\$0.1875
Current Variable A 245,175,853	10% Voting Dilution	24,517,585	24,517,585	24,517,585
		Shares	Shares	Shares
	Funds raised	\$1,532,349	\$3,064,698	\$4,597,047
50% increase in current Variable A 367,763,780	10% Voting Dilution	36,776,378	36,776,378	36,776,378
		Shares	Shares	Shares
	Funds raised	\$2,298,524	\$4,597,047	\$6,895,571
100% increase in current Variable A 490,351,706	10% Voting Dilution	49,035,171	49,035,171	49,035,171
		Shares	Shares	Shares
	Funds raised	\$3,064,698	\$6,129,396	\$9,194,094

The table above uses the following assumptions:

1. The current shares on issue are the Shares on issue as at 20 October 2020.
2. The issue price set out above of \$0.125 is the closing price of the Shares on the ASX on 20 October 2020.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. No Options are exercised into Shares before the date of the issue of the Equity Securities;
5. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to by reason of placements under the 10% Placement Capacity. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to issues approved under Listing Rule 7.1.

e) Allocation under the 10% Placement Capacity

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including, but not limited to;

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company; and
- (v) advice from corporate, financial and broking advisers (if applicable).

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined but may include current Shareholders or new investors (or both), none of whom will be related parties or associates of a related party of the Company.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

f) Previous Approval under Listing Rule 7.1A

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting held on 26 November 2019.

The Table below shows all Equity Securities issued in the 12 months preceding the date of this Meeting pursuant to Listing Rule 7.1A.2, totaling 16,394,561 Equity Securities, which represents approximately 9.98% of the total number of Equity Securities on issue at the commencement of that 12 month period (i.e. 164,302,007).

- (i) Date of issue
18 August 2020
- (ii) Number of Equity Securities
16,394,561
- (iii) Class of Equity Securities and summary of terms
Ordinary shares issued under Placement to institutional and sophisticated investors.
- (iv) Names of recipients or basis on which recipients determined
Institutional and sophisticated investors placed by WG Partners.
- (v) Issue price of Equity Securities and discount to Market Price on the trading day prior to the issue
Issue price \$0.10. Discount: 10.0% to closing price of 11c on 17 August 2020 (The closing share price prior to entering into a Trading Halt for the announcement of the Placement and issuance of shares under ASX Listing Rule 7.1A was \$0.105, resulting in a 5% discount to issue price)

(vi) If issued for cash – the total consideration, what is was spent on and the intended use of any remaining funds

\$1,639,456.10. The funds were raised in August 2020 and as at the date of this Notice had not been spent. The funds raised will be applied to

- Developing the AD-214 asset 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 potential out-licensing of AD214.

The Company's cash balance on 14 November 2019 was approximately \$6.3million. Cash raised from issues in the previous 12 months totals approximately \$8.1million. The Company's cash balance as at the date of this Notice is approximately \$9.5 million. Funds expended during the 12 months have been on further developing the Company's assets and general working capital. The remaining funds are intended to be used by the Company to continue implementing the strategic plan outlined in March 2020 (full details of which are available on the Company website).

Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company is not proposing to make an issue of Equity Securities under Listing Rule 7.1A.2 Therefore, no people will be excluded from voting on Resolution 7.

Recommendation

The Directors unanimously recommend that the Shareholders vote in favour of Resolution 7.

The Chair intends to vote all undirected proxies in favour of Resolution 7.

9. Resolution 8 – Adoption of adjustments to Constitution

Resolution 8 proposes the amendment of the Company's Constitution by amending (replacing) the existing clause 10.4 (dealing with restricted securities) with the new clause 10.4 in the form annexed to this Explanatory Memorandum as Annexure A.

Pursuant to section 136(2) of the Corporations Act, the Company may only modify its Constitution by special resolution.

In summary, the amendments to clause 10.4 of the Constitution allow the Company to comply with ASX Listing Rule 15.12 should the ASX impose mandatory escrow on any of the Company's issued securities. In particular, Listing Rule 15.12 expressly requires the constitution of a Listed entity which has any restricted securities on issue to provide for each of the matters listed in Annexure A.

Recommendation

The Directors unanimously recommend that the Shareholders vote in favour of Resolution 8.

The Chair intends to vote all undirected proxies in favour of Resolution 8.

In this Notice and the Explanatory Memorandum:

\$ means Australian Dollars.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2020.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Business Day means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Melbourne.

Chair or Chairman means the person appointed to chair the Meeting convened by this Notice.

Closely Related Party means has the meaning given in section 9 of the Corporations Act which include the spouses, dependents and certain other close family members of a member of the Key Management Personnel and any company controlled by a member of the Key Management Personnel.

Company means AdAlta Ltd (ACN 120 332 925).

Constitution means the constitution of the Company as at the commencement of the Meeting.

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

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Eligible Entity has the same meaning as in the Listing Rules.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice:

Notice means this notice of meeting.

Option means an unlisted option over a Share.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

AEDT means Australian Eastern Daylight Time, being the time in Melbourne on the dates specified in this Notice.

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.

Annexure A - Amendments to the Constitution of the Company

A. Clause 10.4 of the Constitution is amended by replacing the existing clause 10.4 and replacing it with the following:

10.4 Restricted Securities

Notwithstanding any provision of this Constitution to the contrary, and without limiting the obligations to comply with the Listing Rules:

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

B. All references in the Constitution to 'restriction agreement' are replaced with the words 'restriction deed'

Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

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

[HolderNumber]

Holder Number:
[HolderNumber]

Your proxy voting instruction must be received by **11.00am (AEDT) on Monday, 23 November 2020**, 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

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.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair 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 Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair 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.

STEP 2 - VOTES ON ITEMS OF BUSINESS

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

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

Joint holding: Where the holding is in more than one name, all 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 dispatched 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>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at <https://investor.automic.com.au/#/loginsah> or scan the QR code below using your smartphone

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



BY MAIL:

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IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WECHAT:

<https://automicgroup.com.au/>

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+61 2 9698 5414

(Overseas)

