

28 April 2023

Dear optionholder

Notice about non-renounceable rights offer – option exercise price may be adjusted

Adalta Ltd (AdAlta) today announced to ASX Limited (ASX) a non-renounceable pro rata rights offer (**Offer**) to AdAlta shareholders in Australia and New Zealand (**Eligible Shareholders**) to acquire two (2) new ordinary shares (**New Shares**) at an issue price of 2.5 cents (\$0.025) per New Share for every five (5) shares held by Eligible Shareholders at 7:00 pm (Melbourne time) on Wednesday 3 May 2023 (**Record Date**) together with one (1) option (New Option) for every two (2) New Shares subscribed for, and each New Option will entitle the holder to subscribe for one (1) additional ordinary share at an exercise price of 3 cents (\$0.03) per share with an expiry date of 29 May 2024.

There are currently 315,375,927 fully paid ordinary shares in AdAlta on issue, all of which are quoted on ASX and 14,984,060 unquoted options over ordinary shares. Assuming the Offer is fully subscribed and there is no other change to the issued share capital, 126,150,371 New Shares will be issued (subject to rounding of fractional entitlements) raising up to approximately \$3.15 million, before costs together with up to approximately 63,075,186 New Options granted to the subscribers for the New Shares as well as a further 15 million options to be issued to the lead manager on the same terms as the New Options. As a result, AdAlta's total number of issued shares will increase to 441,526,298 fully paid ordinary shares (subject to rounding of entitlements) all of which will be quoted on ASX. Once issued, the New Shares issued under the Offer will rank equally with all other fully paid ordinary shares then on issue.

The funds raised under the Offer (after payment of expenses in connection with the Offer) will be used in order to:

- commence a multidose Phase I extension clinical study of the AD-214 product to strengthen AdAlta's partnering position by demonstrating safety at higher doses (and so reducing dose escalation requirements at the start of Phase II) and confirming trends seen in the earlier study;
- continue partnering discussions for the AD-214 product;
- continue evaluation of synergistic external technology and product collaboration and transaction opportunities to expand and accelerate the Company's product pipeline; and
- fund general working capital.

A Prospectus in relation to the Offer has been given to ASX and is available to view on the ASX website and AdAlta's website at <https://adalta.com.au/documents/>. Further details regarding the Offer have also been announced to the ASX and are available on ASX's website

Details of how to obtain a copy of the Prospectus, together with a personalised entitlement and acceptance form, will be dispatched to all eligible shareholders by 8 May 2023. Shareholders with registered addresses outside Australia and New Zealand are not eligible to participate in the Offer.

The Offer closes at 5:00 pm (Melbourne time) on Monday 22 May 2023.

The current timetable for the Offer is as follows:

Event	Date
Announcement of Offer	Friday 28 April 2023 (prior to 10:00am)
Shares commence quotation on an 'ex' basis ('ex' date)	Tuesday 2 May 2023
Record date to determine entitlements under Offer	Wednesday 3 May 2023 at 7:00 pm (Melbourne time)
Prospectus and entitlement and acceptance forms despatched to eligible shareholders and foreign shareholders informed of Offer	Monday, 8 May 2023
Offer opens	Monday, 8 May 2023
Offer closes	Monday 22 May 2023 at 5:00 pm (Melbourne time)
ASX notified of any change to exercise price of existing options due to proposed issue of new shares under Offer	Monday 22 May 2023
Shares commence quotation on a deferred settlement basis	Tuesday 23 May 2023
ASX notified of results of Offer and of any under-subscriptions (i.e. shortfall)	Before noon Monday 29 May 2023
New shares issued for under Offer	Monday 29 May 2023
Deferred settlement trading ends	Monday 29 May 2023
Normal trading of new shares starts	Tuesday 30 May 2023

These dates are indicative only and subject to change. AdAlta reserves the right, subject to the Corporations Act and the ASX Listing Rules, to change any date including to extend the closing date of the Offer, to close the Offer early, to accept late acceptances either generally or in particular cases, or to withdraw or reduce the size of the Offer without notice. Any extension of the closing date will have a consequential effect on the issue date of new shares.

Options

As the holder of options you may be entitled to exercise some of your options and thereby acquire underlying ordinary shares before the record date for the Offer so that you can participate in the Offer. The option terms do not otherwise permit holders to participate in the Offer.

However, even if you elect not to exercise your options (or you are not permitted to do so as a result of the existing vesting conditions) the terms of your options do provide for an adjustment in their exercise price according to a formula based on rule 6.22.2 of the ASX Listing Rules. The exercise price adjustment takes effect upon issue of the shares offered under the Offer and is, in part, dependent on the difference between the price under the Offer and the volume weighted average closing price of AdAlta's ordinary shares sold on ASX for the 5 trading days ending on the day before the 'ex date' for the Offer (and the 'ex date' will be **2 May 2023**). Accordingly, that market price will be determined after the 'ex date' and if there is any change to the exercise price of any of your options, AdAlta will notify you and ASX of the change in accordance with rule 3.11.2 of the ASX Listing Rules.

If you have any query or question about the Offer, please contact Cameron Jones, AdAlta's company secretary at cameron.jones@bio101.com or ir@adalta.com.au for any other registry related matters contact AdAlta's share registrar as follows:

Automatic Registry Services

Email: hello@automicgroup.com.au

Address: Level 5/126 Phillip St, Sydney NSW 2000

Phone: 1300 288 664 (within Australia), or +61 2 9698 5414 (international) between 8:30 am and 5:00 pm (Melbourne time) Monday to Friday.

Yours faithfully



Cameron Jones
Company Secretary