

ASX / Media Release

AdAlta Receives Australian Government Grant to Advance Understanding of Potential New Lung Fibrosis Therapy

Melbourne, Australia, 31 August, 2016: Biotechnology company AdAlta Limited (ASX: 1AD), specialising in the discovery and development of protein-based therapeutics has received a AU\$50,000 Innovation Connections Grant From the Australian Federal Government to support research with The Alfred Hospital and La Trobe University in Melbourne.

The research collaboration will evaluate AdAlta's lead drug candidate, AD-114, with lung tissue from patients with idiopathic pulmonary fibrosis (IPF). The researchers will seek to provide further validation of the potential of AD-114 as a treatment for idiopathic pulmonary fibrosis as well as exploring its potential as a treatment for other lung fibrosis conditions.

Pre-clinical studies with AD-114 have demonstrated positive *in vitro* (in the lab) and *in vivo* (in animals) data in the treatment of idiopathic pulmonary fibrosis. AdAlta has completed an initial analysis of the drug candidate in human lung tissue, and the collaboration will look at a broader number of tissue and blood samples.

AdAlta Limited CEO Sam Cobb said, "This collaboration is important as we move towards first human clinical studies with our lead i-body drug candidate for the treatment of idiopathic pulmonary fibrosis."

Respiratory Physician at The Alfred hospital, Dr Glen Westall, said, "We are excited about working with AdAlta to further understand more about this complex disease and how the i-body may play a role for the treatment of a disease for which there is currently no cure."

AdAlta Chief Scientific Officer, Associate Professor Mick Foley said, "This new research will allow us to further validate the i-body as a potential therapeutic for the treatment of fibrosis and idiopathic pulmonary fibrosis."

Notes to Editors

About AdAlta

AdAlta Limited is an Australian based drug development company headquartered in Melbourne. The Company is focused on using its proprietary technology platform to generate i-bodies, a new class of protein therapeutics, with applications as therapeutic drugs to treat disease.

The i-body is a human analogue of the antigen binding domain of the shark antibody, which combines the advantages of monoclonal antibodies (high target specificity and affinity) with the beneficial stability features of small molecules. In addition to stability, the i-body has a long binding loop that is a feature of shark antibodies not present in either human or next generation antibodies. This feature enables the i-body to recognise and bind to a diverse range of different therapeutically-relevant drug targets, including those that are difficult/intractable to access by current antibody therapies. These include clinically important targets such as G-protein coupled receptors (GPCRs) and ion channels.

AdAlta is developing its lead i-body candidate, AD-114, 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 also plans to continue further drug discovery and development directed towards other drug targets and diseases with its i-body technology platform.

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

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