

16 July 2018

Dear AdAlta Shareholder,

I am writing to you at what is an exciting time for AdAlta.

We announced earlier this year that the Company would be taking an improved version of its lead therapeutic, named AD-214, through to human clinical trials. This decision was made following an evaluation process, whereby AD-214 was found to have a significantly better half-life (duration of time in which the drug stays in the body) and significantly enhanced activity compared to AD-114. The combination of these factors provides improved therapeutic benefit for patients and for potential commercial partners.

When we introduced AD-214 to the market in April this year, we also signalled the need to raise further funding to support the development of this superior lead candidate. Last week we announced the successful completion of a \$4.25m placement (**Placement**) to institutional and high net worth investors, who also understand the benefits of this new therapeutic and of other programs developed using our i-body platform. We are delighted to have had such strong support. These shares were placed at a price of 30 cents per share.

On behalf of the Company, I am pleased to now offer eligible shareholders with the opportunity to subscribe for up to \$15,000 of new fully paid ordinary shares in the Company, free of brokerage and commission, under a Share Purchase Plan (**SPP**) at the same price as the Placement.

As we progress AD-214 to the clinic, an important milestone for the Company, we also look forward to expanding the i-body pipeline with additional new candidates that further demonstrate the advantages of our powerful i-body platform with challenging targets. It is intended that the funds raised from the SPP will be used for manufacturing and pre-clinical studies of AD-214 as well as internal research and development of new i-bodies and corporate costs.

We are pleased that new and existing investors continue to support the Company's development of life-changing medicines for lethal diseases. On behalf of the Board, I encourage you to consider this opportunity to increase your investment in the Company.

Yours faithfully



Paul MacLeman
AdAlta Chairman

16 July 2018

AdAlta launches Share Purchase Plan

AdAlta Limited (ACN 120 332 925) (ASX: 1AD) (**AdAlta**) is pleased to offer eligible shareholders an opportunity to acquire additional AdAlta shares under a Share Purchase Plan Offer (**SPP Offer**).

Under the SPP Offer, each eligible AdAlta shareholder as at 7.00pm (AEST) on 12 July 2018 (**Record Time**) will have an opportunity to subscribe for up to \$15,000 (50,000) of new AdAlta shares.

Eligible AdAlta shareholders are holders of fully paid ordinary shares in AdAlta at the Record Time and whose address on the share register is in Australia (provided that such shareholder is not a United States person or acting for the account or benefit of a person in the United States).

The intention to launch the SPP Offer was announced at the same time as the announcement of AdAlta's recently completed placement (**Placement**). The proceeds from the Placement and the SPP will be used for manufacturing and pre-clinical studies of AD-214 as well as internal research and development of new i-bodies and corporate costs.

The SPP Offer is not underwritten. AdAlta may decide to scale back applications under the SPP Offer at its absolute discretion.

The offer price per share under the SPP Offer will be \$0.30, being the issue price under the Placement.

The SPP Offer opens today, 16 July 2018, and closes at 5.00pm (AEST) on 10 August 2018, subject to the Company's right to close the SPP Offer early or to extend the SPP Offer period, in its absolute discretion.

Full details of the SPP Offer are available in the SPP Offer booklet (a copy of which is attached to this letter).

For further information regarding the SPP Offer please contact AdAlta's share registry, Automic Registry Services, on 1300 288 664 (local) or +61 2 9698 5414 (international) between 8.30am – 5.30pm (AEST), Monday to Friday.

Yours faithfully



Cameron Jones
Company Secretary

IMPORTANT NOTICE

If you apply to participate in the SPP Offer by making a Bpay® payment or returning a completed Application Form with a cheque, you are accepting the risk that the market price of AdAlta Shares may change between the Record Date, the date on which you apply for New Shares and the Allotment Date. This means it is possible that up to or after the Allotment Date, you may be able to buy AdAlta Shares at a lower price on the ASX than the price you pay under the SPP Offer. AdAlta encourages you to seek professional financial and taxation advice regarding your participation in the SPP Offer.

1. WHAT IS THE SPP OFFER?

Eligible Shareholders have the opportunity to participate in the Share Purchase Plan offer (**SPP Offer**) by subscribing for up to \$15,000 (50,000) of new fully paid ordinary shares (**New Shares**) in AdAlta Limited (**AdAlta**) without incurring brokerage. Details of this offer and how to participate are set out below.

All New Shares issued under the SPP Offer will rank equally with existing fully paid ordinary shares in AdAlta (**AdAlta Shares**) and carry the same voting rights, dividend rights and other entitlements from their date of issue.

This offer is made in accordance with the requirements of ASIC Class Order 09/425.

2. SPP OFFER KEY DATES*

Event	Date
Record Date	12 July 2018
SPP Offer opens	16 July 2018
SPP Offer closes	10 August 2018
Completion announcement date (and notice of scale backs, if any)	15 August 2018
Allotment Date	15 August 2018
Dispatch Holding Statements	16 August 2018

* dates are indicative only and subject to change at the discretion of the Company

3. WHO IS AN ELIGIBLE SHAREHOLDER?

You are eligible to participate in the SPP Offer (**Eligible Shareholder**) if you were a registered holder of AdAlta Shares at 7.00pm (AEST) on 12 July 2018 (**Record Date**) with an Australian

address (as shown on AdAlta's share register) unless:

- you hold shares on behalf of another person who resides outside Australia in which case you will not be eligible to participate in respect of the AdAlta Shares of that person; or
- you are, or are acting for the account or benefit of, a U.S. Person (**U.S. Person**) as defined in Regulation S under the US Securities Act of 1933, as amended (**US Securities Act**).

AdAlta has determined that it is not practical for holders of AdAlta Shares with addresses on the share register in jurisdictions outside Australia to participate in the SPP Offer (see "*Foreign Securities Restrictions*" below for more information on restrictions on participation).

4. PARTICIPATION BY ELIGIBLE SHAREHOLDERS

Single holders – If you are the registered holder of an AdAlta Share, but you receive more than one offer under the SPP Offer (for example, due to multiple registered holdings), you may only apply for up to a maximum amount of \$15,000 of New Shares.

Joint holders – If you are recorded with one or more other persons as the joint holder of an AdAlta Share, that joint holding is considered to be a single registered holding for the purpose of the SPP Offer and certifications or representations given by a joint holder are taken to have been given by all joint holders. Joint holders are only entitled to participate in the SPP Offer in respect of that single holding. If the same joint holders receive more than one offer under the SPP Offer due to multiple identical holdings, the joint holders may only apply for one maximum amount of \$15,000 of New Shares.

Custodians – If you hold AdAlta Shares as a custodian (as defined in ASIC Class Order 09/425) for one or more Beneficiaries (as defined

below), the SPP Offer is made to the custodian and, subject to a number of conditions, the custodian has the discretion to extend the SPP Offer to the Beneficiaries. The custodian may apply for up to a maximum amount of \$15,000 of New Shares for each Beneficiary, however, AdAlta will not issue New Shares unless the custodian certifies the matters set out in paragraph 9 of ASIC Class Order 09/425 in a certificate (**Custodian Certificate**) which it will need to provide to AdAlta's share registry, Automic Registry Services (**Share Registry**) so that it is received by 5.00pm (AEST) on the closing date of 10 August 2018.

A **Beneficiary** is a person who resides in Australia for whom a custodian (being an Eligible Shareholder) held AdAlta Shares on behalf of the Beneficiary on the Record Date, and who is not, or is not acting for the account or benefit of, a U.S. Person.

Custodians wishing to participate on behalf of one or more Beneficiaries should contact the Share Registry (see "*Further Information*" below), to obtain further information on how to apply and obtain a Custodian Certificate. Applications received from custodians must be accompanied by a duly completed and signed Custodian Certificate.

Custodians will not be entitled to participate in the SPP Offer if their participation would be in breach of ASIC Class Order 09/425

5. HOW TO APPLY FOR NEW SHARES

The SPP Offer opens on 16 July 2018. Under the SPP Offer, you may apply for shares up to a maximum of \$15,000.

Apply using BPAY

For Eligible Shareholders with an Australian bank account, you may apply for New Shares under the SPP Offer by making a Bpay payment on the internet or by telephone by using the personalised customer reference number shown on your Application Form, which is required to identify your holding. If you make your payment using Bpay you do not need to return a copy of the Application Form, but are taken to make the certifications and representations described in this booklet.

Apply using a printed Application Form

Alternatively, a completed Application Form may be returned together with your cheque made payable to 'AdAlta Limited' drawn on an

Australian bank and in Australian dollars for the correct amount, to the Share Registry.

General information

Applications must be received by 5.00pm (AEST) on 10 August 2018. Applications received after that time will not be accepted.

Applications will be accepted at the Share Registry's office located at Level 29, 201 Elizabeth Street, Sydney, NSW 2000:

- by hand delivery between 9:00am and 5:00pm (AEST); or
- by post to AdAlta Limited, c/- Automic, PO Box 2226, Strawberry Hills, NSW 2012.

If the amount of your Bpay payment or the cheque tendered with your Application Form is:

- (a) greater than \$15,000 – subject to scale back, AdAlta will allot the maximum number of New Shares to you (being 50,000) and will refund the excess application money to you; or
- (b) is not a multiple of \$0.30 or subject to scale back, AdAlta will allot to you the number of New Shares that would have been allotted had you applied for a multiple of \$0.30 that is nearest to but less than the amount of your Bpay payment or cheque and will refund the excess application money to you.

AdAlta will refund application monies received from ineligible shareholders, subject to compliance with its legal obligations.

If your cheque does not clear, your application will not be accepted and you agree to be responsible for any dishonour fees or other costs incurred. If your cheque is dishonoured, it will not be re-presented.

If your Application Form is incomplete, contains errors or is otherwise invalid or defective, AdAlta may, in its sole discretion, accept, reject, correct or amend your application, issue such number of New Shares to you as it considers appropriate, refund your application money, or take any combination of these actions. Any refund will be paid to you shortly after the close of the SPP Offer.

No interest will accrue or be paid to applicants on any application money, whether refunded or not.

Applications and payments under the SPP Offer may not be withdrawn once they have been

received by AdAlta. Do not forward cash. Receipts for payment will not be issued.

6. PARTICIPATION IS OPTIONAL

Participation in the SPP Offer is entirely optional (subject to the eligibility criteria set out in this booklet). The offer to acquire New Shares is not a recommendation. If you are in any doubt about the SPP Offer, whether you should participate in the SPP Offer or how participation will affect you, you should seek professional financial and taxation advice before making a decision as to whether or not to accept this offer.

7. APPLICATIONS MAY BE SCALED BACK

AdAlta may, in its absolute discretion, allocate to you less than the number of New Shares you have applied for (scale back). If there is a scale back, AdAlta may in its absolute discretion determine to apply the scale back to the extent and in the manner that it sees fit.

If there is a scale back you may receive less than the parcel of New Shares for which you have applied. If a scale back produces a fractional number of New Shares when applied to your parcel, the number of New Shares you will be allocated will be rounded up to the nearest whole number of New Shares. In the event of a scale back, the difference between the application monies received, and the number of New Shares allocated to you multiplied by the offer price, will be refunded to you (as described below), without interest payable to you, as soon as practicable following allotment.

8. HOW WILL APPLICATION MONIES BE REFUNDED?

Any application monies refunded by AdAlta will be paid by direct credit or cheque (the payment method will be determined by AdAlta in its absolute discretion) in Australian currency.

By applying for New Shares, each shareholder authorises AdAlta to pay any monies to be refunded by using the payment instructions of the shareholder recorded in the Share Registry's records if AdAlta elects to pay in this manner.

9. OFFER PRICE

Under the SPP Offer, Eligible Shareholders have an opportunity to subscribe for up to \$15,000 of New Shares at an offer price of \$0.30 per New Share, being the issue price under the Placement announced by AdAlta on 13 July 2018 and representing a discount of 14.3% to the closing

price of AdAlta Shares as at 12 July 2018, being the date immediately prior to the announcement of the SPP Offer.

You should note that AdAlta's share price may rise or fall between the date of the SPP Offer, the date of your acceptance of the SPP Offer and the date when New Shares are allotted and issued to you under the SPP Offer. This means that the price you pay per New Share pursuant to this offer may be either higher or lower than the AdAlta share price at the time of the offer or at the time the New Shares are issued and allotted to you under the SPP Offer. AdAlta recommends that you monitor the AdAlta share price and any AdAlta announcements, which can be found on the Australian Securities Exchange (**ASX**) website at www.asx.com.au (ASX code: 1AD) or (for announcements only) on AdAlta's website at www.adalta.com.au/investors/.

10. HOW MUCH CAN YOU INVEST?

The offer under the SPP Offer needs to comply with ASIC class order 09/425. Under that class order, shareholders may only acquire up to a maximum of \$15,000 of shares under a share purchase plan or similar plan in any 12 month period, noting that this SPP Offer is for a maximum of \$15,000 per Eligible Shareholder (except in certain circumstances as described in "*Participation by Eligible Shareholders*" above).

This limitation applies, for example, even if you receive more than one Application Form or if you hold AdAlta Shares in more than one capacity – e.g., if you are both a single and joint holder of AdAlta Shares, as set out in "*Participation By Eligible Shareholders*". An Eligible Shareholder may apply on different Application Forms for New Shares but may not apply for New Shares with an aggregate amount of more than \$15,000. The \$15,000 limit applies irrespective of the number of AdAlta Shares you hold on the Record Date

11. EFFECT OF APPLYING TO PARTICIPATE

If you apply to participate in the SPP Offer by submitting a Bpay payment or completing and returning the Application Form, you will be deemed to have represented to AdAlta, on behalf of each person on whose account you are acting, that:

- (a) you acknowledge that you are, and each person on whose account you are acting is, an Eligible Shareholder;
- (b) you agree that your application is made on, and you agree to be bound by, the

terms and conditions of the SPP Offer set out in this booklet, and AdAlta's constitution;

- (c) you declare that all details and statements in your Application Form are true and complete and not misleading;
- (d) your application is irrevocable and unconditional;
- (e) you acknowledge that the New Shares have not, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (f) you are not a U.S. Person and you have not and will not send any materials relating to the SPP Offer to any person in the United States or that is, or is acting for the account or benefit of a U.S. Person;
- (g) that the total of the application price for the following does not exceed \$15,000:
 - (i) the New Shares the subject of your Bpay payment or Application Form;
 - (ii) any other New Shares applied for by you under the SPP Offer or any similar arrangement in the 12 months before the application;
 - (iii) any other New Shares which you have instructed a custodian to acquire on your behalf under the SPP Offer; and
 - (iv) any other New Shares which were issued to a custodian on your behalf, under the SPP Offer or any similar arrangement in the 12 months before the application, as a result of an instruction given by you,

even though you may have received more than one offer under the SPP Offer or received offers in more than one capacity under the SPP Offer;

- (h) you are in compliance with all relevant laws and regulations (including, without limitation, section 1043A (insider trading) of the *Corporations Act 2001* (Cth) and laws and regulations designed to restrict terrorism financing and/or money laundering);
- (i) you are not a "designated person" or "designated entity" (or other like term) for the purpose of any domestic or international law or regulation implementing United Nations sanctions; and
- (j) you acknowledge that the market price of AdAlta Shares may rise or fall between the date of this offer, the date of your application and the date when New Shares are allotted and issued to you under the SPP Offer and that the price you pay per New Share pursuant to this offer may exceed the market price of AdAlta Shares at the time the New Shares are issued and allotted to you under the SPP Offer.

12. CALCULATION OF THE NUMBER OF NEW SHARES TO BE ISSUED TO YOU

If you apply for New Shares under the SPP Offer, you will apply for a certain value, rather than a certain number, of New Shares. Subject to the terms and conditions in this booklet, the number of New Shares you are issued will be determined by:

- (a) if there is no scale back, dividing the aggregate application money that you pay in applying for New Shares by the offer price; or
- (b) if there is a scale back, dividing the value of the parcel of New Shares allocated to you by the offer price.

Any fractions of a New Share will be rounded down to the nearest whole number of New Shares.

13. ALLOTMENT AND QUOTATION DATES

New Shares are expected to be allotted under the SPP Offer on 15 August 2018 and AdAlta expects to apply for those New Shares to be listed for quotation on ASX on or about 16 August 2018.

AdAlta expects to dispatch a holding statement or confirmation advice in respect of the New Shares allotted to you under the SPP Offer on 16 August 2018. You should confirm your holding before

trading in any New Shares you believe have been allotted to you under the SPP Offer.

In advance of receiving your written confirmation of issue of New Shares, you can check the number of New Shares issued under the SPP Offer by using the Share Registry website <https://automic.com.au> and following the security access instructions.

14. FOREIGN SECURITIES RESTRICTIONS

This document does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or any other place other than Australia. The New Shares have not been and will not be registered under the US Securities Act, or the securities laws of any state or other jurisdiction of the United States or any other place and may not be offered, sold or delivered, directly or indirectly, in, or to persons in, the United States or any other place, except in accordance with an available exemption from registration.

Because of these legal restrictions, and consistent with the representations contained in this booklet, you must not:

- (a) send copies of this booklet or any other material relating to the SPP Offer to any person in the United States or any other place or who is, or is acting for the account or benefit of, U.S. Persons; or
- (b) make payment by Bpay or submit an Application Form or otherwise for New Shares for any person in the United States or any other place or who is, or is acting for the account or benefit of, U.S. Persons.

These documents have been prepared for publication in Australia only and may not be released elsewhere. Failure to comply with these restrictions may result in violations of applicable securities laws.

15. ADDITIONAL INFORMATION

The offer to purchase New Shares under the SPP Offer is non-renounceable. This means that you cannot transfer your right to purchase New Shares under the SPP Offer to anyone else. The entitlement to participate in the SPP Offer is in respect of fully paid ordinary AdAlta shares only. No brokerage is payable by you in respect of the issue of New Shares under the SPP Offer.

AdAlta reserves the right to waive strict compliance with any provision of the terms and conditions in this booklet, to amend or vary these terms and conditions and to suspend or terminate

the SPP Offer at any time. Any amendment, variation, suspension or termination will be binding on all Eligible Shareholders even where AdAlta does not notify you of that event. AdAlta may make determinations in any manner it thinks fit, including in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP Offer, whether generally or in relation to any participant or application. Any determination by AdAlta will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates. AdAlta's rights may be exercised by the Board or any delegate of the Board.

All amounts are in Australian dollars, unless otherwise stated. For details regarding AdAlta's privacy policy and how your personal information is managed, go to www.adalta.com.au/privacy-policy/.

This offer is governed by the law in force in Victoria, Australia. By accepting this offer, you submit to the non-exclusive jurisdiction of the courts of Victoria, Australia.

16. FURTHER INFORMATION

If you have any questions in respect of the SPP Offer, please contact the Share Registry, Monday to Friday, 8.30am – 5.00pm (AEST) on:

Telephone: 1300 288 664 (within Australia)

Telephone: +61 2 9698 5414 (outside Australia).

INSTRUCTIONS FOR COMPLETION OF THIS SPP APPLICATION FORM

The right to participate in the SPP (**Offer**) is optional and is available exclusively to Eligible Shareholders, being those Shareholders who are registered as holders of Shares in the Company as at the Record Date and whose registered address is in Australia.

The Offer cannot be transferred and the Directors reserve the right to reject any application over \$15,000.00. Shares allotted under the Offer will be issued on 15 August 2018.

If the Company rejects or scales-back an application or purported application, the Company will return to the Shareholder the relevant Application Monies, without interest.

HOW TO APPLY FOR SHARES UNDER THE SPP

1 Application of New Shares

Enter into section 1 the number of New Shares you wish to apply for. The number of New Shares must be equal to or less than the maximum number of shares available under the offer, being 50,000 Shares.

2 Payment Amount

Enter into section 2 the total amount payable for the number of New Shares for which you are applying. If the dollar amount divided by the issue price is a fraction of a New Share, the New Shares allotted will be rounded down.

3 BPAY®

You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. To BPAY® this payment via internet or telephone banking use your reference number quoted on the front of this form. Multiple acceptances must be paid separately. Applicants should be aware of their financial institution's cut-off time (the payment must be made to be processed overnight). It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

You do not need to return this form if you have made payment via BPAY®. Your BPAY® reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such Shares for which you have paid.

4 Cheque Details

Enter your cheque details in section 3. Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to **AdAlta Limited** and crossed "Not Negotiable". Please ensure sufficient funds are held in your account. If you provide a cheque for an incorrect amount the Company may treat you as applying for as many Shares as your cheque will pay for.

5 Contact Details

Please enter a contact number we may reach you on between the hours of 9:00am and 5:00pm. We may use this number to contact you regarding your application for Securities, if necessary.

CERTIFICATION

By making payment of the application monies, I/we hereby:

- Acknowledge that I/we have read and understood the terms of the SPP;
- Agree to be bound by the Terms of the Constitution of the Company and the SPP;
- Agree to accept any lesser number of the new Shares than the number of Shares applied for; and
- Certify that the amount of Shares subscribed for by me/us pursuant to the SPP does not exceed the maximum amount taking into account the Shares the subject of this application and any other Shares applied for by or on behalf of me/us under the SPP or any other similar arrangement within the 12 months prior to this application including joint and other beneficial interests.

LODGING YOUR APPLICATION FORM

This form must be received at an address given below by 5.00pm (AEST) on 10 August 2018. (If you are making cheque payment)

BY MAIL

AdAlta Limited
C/- Automic
PO Box 2226
Strawberry Hills NSW 2012

BY HAND DELIVERY (Between Sydney office hours 9.00am – 5.00pm AEST)

Automic
Level 29
201 Elizabeth Street
Sydney NSW 2000

If you require further information on how to complete this SPP Application Form,
please contact Automic on 1300 288 664 between 9:00am and 5:00pm.