ASX Announcement

AdAlta awarded A$1 million Biomedical Translation Bridge funding to develop AD-214 clinical imaging agent

Highlights:

- **AdAlta to develop radiolabeled AD-214 for clinical imaging of idiopathic pulmonary fibrosis (IPF) patients**
- **Awarded A$1 million matched funding from competitive Medical Research Future Fund (MRFF) Biomedical Translation Bridge (BTB) program**
- **Project will significantly improve understanding of biodistribution and biological effect of lead i-body candidate, AD-214, in pulmonary fibrosis and accelerate clinical development**

MELBOURNE Australia, 12 December, 2019: AdAlta Limited (ASX: 1AD) is pleased to announce the award of A$1 million over two years from the Australian Government's Medical Research Future Fund (MRFF) through the Biomedical Translation Bridge (BTB) program to develop and clinically evaluate a radiolabeled version of AD-214 for imaging of the cell surface receptor CXCR4 in idiopathic pulmonary fibrosis (IPF) patients. AD-214 is AdAlta's lead product candidate which is on track to enter initial clinical trials in early 2020.

The BTB program is a A$22.3 million initiative managed by MTPConnect that develops innovative health and medical research ventures to reach commercial proof-of-concept. These ventures need to have secured at least matched funding from third party sponsorship or co-investment. This funding for AdAlta is also contingent on AdAlta entering into a formal funding agreement with MTPConnect which may require adjustments to the scientific milestones and project scope set out in the application for funding.

AdAlta Managing Director & CEO, Tim Oldham, commented "We are delighted to receive support through the BTB program and believe this reflects the quality and importance of our idiopathic pulmonary fibrosis program. We expect this project will substantially improve the information we will generate from clinical evaluation of AD-214 in patients. Having a radiolabeled version of AD-214 will also reduce the time it takes for AdAlta to measure the drug's impact. We are on track to commence initial human clinical trials of AD-214 in the first

quarter of 2020 and will now seek to introduce IPF patients and this imaging agent into our clinical program as early as possible. Our immediate focus is to enter into a formal funding agreement with MTPConnect."

AD-214 is being developed to improve outcomes for patients suffering idiopathic pulmonary fibrosis and other fibrotic diseases. AD-214 has been demonstrated to selectively bind to a cell surface receptor called CXCR4 that has been implicated in inflammation and fibrosis and to modify IPF disease progression in a variety of animal models. CXCR4 is generally only found on white blood cells and not in tissues of healthy individuals but is dramatically increased in tissues in patients with fibrotic disease. There is no simple, non-invasive, ethically acceptable way to verify that AD-214 has engaged CXCR4 in the lungs of IPF patients.

With the support of the BTB program, AdAlta is proposing to develop and clinically evaluate a radiolabeled version of AD-214 that can be used as a positron emission tomography (PET) imaging agent to address this need. This agent will provide a method of verifying that AD-214 does indeed bind to CXCR4 receptors in fibrotic lung tissue in patients and determine the effect of binding on those receptors. AdAlta is collaborating with leading radiochemistry, PET imaging and IPF experts at the Alfred Hospital, Monash University, Olivia Newton-John Cancer Research Institute/Austin Health and University of Melbourne to complete development of radiolabeled AD-214 and its clinical evaluation in IPF patients.

Further details about the development of the AD-214 PET imaging agent and its introduction to clinical trials will be provided as part of previously announced i-body pipeline development and strategy update in early 2020.

Notes to Editors

About the Biomedical Translation Bridge program

The Biomedical Translation Bridge program is an initiative of the Australia Government's Medical Research Future Fund. The BTB program can provide up to A$1 million of funding over a maximum two-year year period to help eligible organisations fund and nurture early stage health and medical research to reach proof-of-concept with potential to attract further capital and support. The BTB program is operated by MTPConnect, in partnership with BioCurate (University of Melbourne and Monash University), UniQuest (University of Queensland through its drug discovery initiative QEDDI), the Medical Device Partnering Program (MDPP, led by Flinders University), and the Bridge and

BridgeTech programs (Queensland University of Technology); all pre-eminent organisations engaged in the translation and commercialisation of health and medical research.

About AdAlta

AdAlta Limited is an Australian-based drug development company headquartered in Melbourne. The Company is using its proprietary technology platform to generate a promising new class of protein therapeutics, known as i-bodies, that have the potential to treat some of today's most challenging medical conditions. The technology mimics the shape and stability of a crucial antigen-binding domain, that was discovered initially in sharks and then developed as a human protein. The result is a range of unique compounds, capable of uniquely interacting with previously difficult to access targets such as G-protein coupled receptors and ion channels that are implicated in many serious diseases.

AdAlta is currently preparing for its phase 1 clinical studies for its lead i-body candidate, AD214. The clinical program is expected to commence in early 2020 following completion of the current toxicity study, clinical trial design finalisation and manufacture of clinical product. AD214 is being developed for the treatment of Idiopathic Pulmonary Fibrosis (IPF) and other human fibrotic diseases, for which current therapies are sub-optimal and there is a high-unmet medical need. The Company is also in collaborative partnerships to advance the development of its i-body platform. It has recently announced an agreement with UK-based research organisation, Excellerate Bioscience to collaborate on an undisclosed target of commercial interest and an agreement with GE Healthcare for diagnostic imaging agents against several drug targets, including Granzyme B.

AdAlta plans to continue further drug discovery and development directed towards other drug targets and diseases.

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

For more information, please contact:

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