ASX Release
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AdAlta IPO to Accelerate New Therapy for Lung Fibrosis

- **Drug discovery company AdAlta raises AU$10 million in over-subscribed IPO**
- **AdAlta to list on ASX (ASX: 1AD) on Monday 22 August 2016**
- **Proceeds from IPO support Phase 1 development of its lead candidate drug (AD-114) to treat lung fibrosis, for onward partnering to big pharma**
- **Powerful proprietary technology platform, that generates new biological drugs to be marketed to global biotech and pharmaceutical companies**

Melbourne, Australia, 22 August, 2016 – Biotechnology company AdAlta Limited (ASX: 1AD), specialising in the discovery and development of protein-based therapeutics is pleased to advise that it will commence trading on the Australian Securities Exchange (ASX) on Monday 22 August after its AU$10 million IPO closed oversubscribed.

AdAlta is delighted with the broad support for the IPO, and in particular with the strong support received from several leading institutional investors and from existing shareholder Yuuwa Capital.

The funds from the IPO will allow AdAlta to expedite the first phase of a clinical study aimed at validating its lead candidate drug (AD-114) which shows promise in treating fibrosis, notably idiopathic pulmonary fibrosis (IPF) and other fibrotic diseases, for which current therapies have limited efficacy and where there is a high-unmet medical need.

AD-114 was developed using AdAlta's proprietary technology platform that produces a new class of protein therapeutics called i-bodies capable of targeting a wide range of diseases. i-bodies are a highly stable human protein with a long binding loop that can bind to a

diverse range of therapeutically relevant targets including those that are difficult for current antibody therapies.

AD-114 has demonstrated significant anti-fibrotic and anti-inflammatory activity in human tissue and multiple animal models. Pre-clinical comparisons show AD-114 operates through a different mechanism and is more effective than existing drugs for lung fibrosis, making AD-114 a potential “first in class” therapy.

Manufacturing of material for the toxicology studies will commence in the current quarter.

AdAlta CEO Samantha Cobb said, “Management is focused on expediting our first candidate into Phase 1 human clinical trials for the lung disease idiopathic pulmonary fibrosis. Our strategy is to license this drug candidate on completion of the planned Phase 1 clinical studies.

“The IPO funding will be used to develop AD-114 for licensing to a major pharmaceutical company. There is heightened global interest in promising new treatments for fibrosis as well as for the new generations of antibody technologies. We plan to expand our development pipeline of novel proprietary i-body drug candidates generating sustainable future licensing opportunities.”

Ms Cobb said AdAlta intended to license or partner its-body technology platform for drug discovery with pharmaceutical and biotechnology companies, with the objective of earning up front milestone payments and longer term licensing revenues. Recent transactions confirm that big pharma are actively acquiring fibrosis assets at an early stage – typically based on Phase I results.

“Our business model of partnering our i-body library and early licensing of our proprietary i-body drug candidates offers both short-term and medium-term revenue opportunities” she said.

Yuuwa Capital LP, an existing venture capital shareholder, invested in the IPO round.

Patersons Securities Limited acted as Lead Manager to the IPO.

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Notes to Editors

About AdAlta

AdAlta Limited (ASX: 1AD) 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 single domain 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 single domain 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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