



AdAlta
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ADALTA LIMITED
ACN 120 332 925

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting

Monday 14 November 2016

Time of Meeting

3pm (AEST)

Place of Meeting

Wrays, Level 15/330 Collins St, Melbourne, Melbourne VIC 3000

ADALTA LIMITED
ACN 120 332 925

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting of Shareholders of AdAlta Limited (**Company**) will be held at 3pm (AEST) on Monday, 14 November 2016 at Wrays, Level 15/330 Collins St, Melbourne, Melbourne VIC 3000 (**Meeting**).

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 12 November 2016 at 7pm (AEST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

AGENDA

1. Annual Report

To table and consider the Annual Report of the Company and its controlled entities for the year ended 30 June 2016, which includes the Financial Report, the Directors' Report and the Auditor's Report.

2. Resolution 1 - Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2016."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion

In accordance with section 250R of the Corporations Act, a vote on this Resolution must not be cast by, or on behalf of, a member of the Key Management Personnel whose remuneration details are included in the remuneration report, or a Closely Related Party of such member. However, a vote may be cast by such person if:

- (a) the person is acting as proxy and the proxy form specifies how the proxy is to vote, and the vote is not cast on behalf of a person who is otherwise excluded from voting on this Resolution as described above; or
- (b) the person is the Chair voting an undirected proxy which expressly authorises the Chair to vote the proxy on a resolution connected with the remuneration of a member of the Key Management Personnel.

3. Resolution 2 - Re-election of Director – James Williams

To consider, and if thought fit, to pass as an ordinary resolution the following:

"That, for the purpose of clause 16.4 of the Constitution and for all other purposes, James Williams, a Director, retires and being eligible, is re-elected as a Director."

4. Resolution 3 - Re-election of Director – Liddy McCall

To consider, and if thought fit, to pass as an ordinary resolution the following:

"That, for the purpose of clause 16.4 of the Constitution and for all other purposes, Liddy McCall, a Director, retires and being eligible, is re-elected as a Director."

5. Resolution 4 – Re-Appointment of Auditor

To consider, and if thought fit, pass the following resolution as an ordinary resolution with or without amendment:

"That for the purposes of Section 327B(1)(a) of the Corporations Act, Butler Settineri Pty Ltd, having consented to act as the Company's auditor, be re-appointed as auditor of the Company."

Dated 27 September 2016

BY ORDER OF THE BOARD



Ian Hobson
Company Secretary

ADALTA LIMITED

ACN 120 332 925

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders of the Company in connection with the business to be conducted at the Meeting to be held at Wrays, Level 15/330 Collins St, Melbourne, Melbourne VIC 3000, on Monday, 14 November 2016 at 3pm (AEST).

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions in the Notice.

A Proxy Form is located at the end of the Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

2.2 Voting Prohibition by Proxy Holders

In accordance with section 250R of the Corporations Act, a vote on Resolution 1 must not be cast (in any capacity) by, or on behalf of:

- (a) a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report; or
- (b) a Closely Related Party of such member.

However, a person described above may cast a vote on Resolution 1 as proxy if the vote is not cast on behalf of a person described in subparagraphs (a) or (b) above and either:

- (a) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; or
- (b) the person is the Chairman and the appointment of the Chairman as proxy :
 - (i) does not specify the way the proxy is to vote on Resolution1; and
 - (ii) expressly authorises the Chairman to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of the Key Management Personnel.

3. Annual Report

There is no requirement for Shareholders to approve the Annual Report. Shareholders will be offered the following opportunities:

- (a) discuss the Annual Report which is online at www.adalta.com.au and click on the direct link;
- (c) ask questions or make comment on the management of the Company;
- (c) ask the auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report.

In addition to taking questions at the Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and the content of the Auditor's Report; and
- (b) the conduct of the audit;
- (c) accounting policies by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office.

4. Resolution 1 - Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and reports the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

Section 250R(3) of the Corporations Act provides that Resolution 1 is advisory only and does not bind the Directors of the Company of itself, a failure of Shareholders to pass Resolution 1 will not require the Directors to alter any of the arrangements in the Remuneration Report.

However, the Corporations Act was amended in 2011 by the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011 (Director and Executive Remuneration Act)*.

The Director and Executive Remuneration Act introduced new sections 250U and 250Y, amongst others, into the Corporations Act, giving Shareholders the opportunity to remove the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive annual general meetings, the Company will be required to put to Shareholders at the second annual general

meeting a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this Meeting, Shareholders should be aware that if there is a 'no' vote of 25% or more at the next annual general meeting the consequences are that it may result in the re-election of the Board.

The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorization for the Chairman to vote the proxy in accordance with the Chairman's intention.

5. Resolution 2 - Re-election of Director- James Williams

Clause 16.4 of the Constitution requires that a Director (excluding the managing Director) must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer.

At each annual general meeting one-third of the Directors (except for the managing Director) or, if their number is not three or a multiple of three, then the number nearest but not exceeding one-third, shall retire from office by rotation. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day shall (unless they otherwise agree between themselves) be determined by lot. Nothing in this clause shall prevent any other Directors from retiring at an annual general meeting.

A Director who retires under clause 16.4 of the Constitution is eligible for re-election. The Company currently has 5 Directors (including 1 Managing Director). Mr James Williams, a director since 16 December 2010 retires and seeks re-election. The Board unanimously supports the re-election of Mr Williams.

6. Resolution 3 - Re-election of Director- Liddy McCall

Clause 16.4 of the Constitution requires that a Director (excluding the managing Director) must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer.

At each annual general meeting one-third of the Directors (except for the managing Director) or, if their number is not three or a multiple of three, then the number nearest but not exceeding one-third, shall retire from office by rotation. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day shall (unless they otherwise agree between themselves) be determined by lot. Nothing in this clause shall prevent any other Directors from retiring at an annual general meeting.

A Director who retires under clause 16.4 of the Constitution is eligible for re-election. The Company currently has 5 Directors (including 1 Managing Director). Ms Liddy McCall, a director since 16 December 2010 retires and seeks re-election. The Board unanimously supports the re-election of Ms McCall.

7. Resolution 4 – Re-Appointment of Auditor

Pursuant to section 327B(1)(a) of the Corporations Act a public company must appoint an auditor at its first annual general meeting. Butler Settineri Pty Ltd was appointed as auditor of the Company by the Directors pursuant to section 325 of the Corporations Act. Now that the Company has changed its status to a public company, it is proposed that Butler Settineri Pty Ltd be re-appointed as auditor of the Company pursuant to section 327B(1)(a) of the Corporations Act.

Butler Settineri Pty Ltd have consented to act in this capacity and all other requirements of the Corporations Act in relation to the appointment of auditors have been met at the date on this Notice.

Schedule 1 - Definitions

In this Notice and the Explanatory Memorandum:

\$ means Australian Dollars.

Annual Report means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 30 June 2016.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Business Day means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth.

Chair or Chairman means the person appointed to chair the Meeting convened by this Notice.

Closely Related Party means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

Company means AdAlta Ltd (ACN 120 332 925).

Constitution means the constitution of the Company as at the commencement of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Directors' Report means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

Equity Securities has the same meaning as in the Listing Rules.

Explanatory Memorandum means the explanatory memorandum attached to the Notice.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice:

Notice means this notice of meeting.

Proxy Form means the proxy form attached to the Notice.

Remuneration Report means the remuneration report of the Company contained in the Directors' Report.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

AEST means Australian Eastern Standard Time, being the time in Melbourne.

In this Notice and the Explanatory Memorandum words importing the singular include the plural and vice versa.

[Name/Address 1]
[Name/Address 2]
[Name/Address 3]
[Name/Address 4]
[Name/Address 5]
[Name/Address 6]

Holder Number: [HolderNumber]

Vote by Proxy

STEP 1: Please appoint a Proxy	<p>Appoint a proxy, by paper:</p> <p>I/We being a Shareholder entitled to attend and vote at the Annual General Meeting of the Company, to be held at 3:00pm (AEST) on Monday, 14 November 2016 at Wrays, Level 15/330 Collins St, Melbourne VIC hereby:</p> <p>Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy <input style="width: 150px; height: 20px;" type="text"/></p> <p>or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.</p> <p>The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.</p> <p>Unless indicated otherwise by ticking the "for," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.</p> <p>AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS</p> <p>Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.</p>																
STEP 2: Voting Direction	<table border="1"> <thead> <tr> <th style="text-align: left;">Resolutions</th> <th style="text-align: center;">For</th> <th style="text-align: center;">Against</th> <th style="text-align: center;">Abstain</th> </tr> </thead> <tbody> <tr> <td>1 Adoption of Remuneration Report</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>2 Re-election of Director – James Williams</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>3 Re-election of Director – Liddy McCall</td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table> <p><i>Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.</i></p>	Resolutions	For	Against	Abstain	1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	2 Re-election of Director – James Williams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3 Re-election of Director – Liddy McCall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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STEP 3	<p>SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; text-align: center;">Individual or Securityholder 1</td> <td style="width: 33%; text-align: center;">Securityholder 2</td> <td style="width: 33%; text-align: center;">Securityholder 3</td> </tr> <tr> <td style="text-align: center;"><input style="width: 100%; height: 25px;" type="text"/></td> <td style="text-align: center;"><input style="width: 100%; height: 25px;" type="text"/></td> <td style="text-align: center;"><input style="width: 100%; height: 25px;" type="text"/></td> </tr> <tr> <td style="text-align: center;">Sole Director and Sole Company Secretary</td> <td style="text-align: center;">Director</td> <td style="text-align: center;">Director / Company Secretary</td> </tr> </table> <p>Contact Name..... Contact Daytime Telephone..... Date / / 2016</p> <p>Email Address _____</p>	Individual or Securityholder 1	Securityholder 2	Securityholder 3	<input style="width: 100%; height: 25px;" type="text"/>	<input style="width: 100%; height: 25px;" type="text"/>	<input style="width: 100%; height: 25px;" type="text"/>	Sole Director and Sole Company Secretary	Director	Director / Company Secretary							
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Sole Director and Sole Company Secretary	Director	Director / Company Secretary															

HOW TO COMPLETE THIS PROXY VOTING FORM

LOGGING YOUR PROXY VOTE

This Proxy Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by 3:00pm (AEST) on Saturday, 12 November 2016, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting Forms received after that time will not be valid for the scheduled Meeting.

Proxy Voting Forms can be lodged:

 **BY MAIL**

AdAlta Limited
PO Box 226
Subiaco WA 6904



BY HAND

AdAlta Limited
Suite 5, 95 Hay Street
Subiaco WA 6008



BY EMAIL

ianhobson@bigpond.com



BY FACSIMILE

+61 8 9388 8256

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#loginsah> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services on 1300 288 664 or you may copy this form.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.