

ADALTA LIMITED
ACN 120 332 925

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

AND

PROXY FORM

Date of Meeting
Wednesday 28 November 2018

Time of Meeting
3pm (AEDT)

Place of Meeting
Collins Street Business Centre, Level 14/330 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 (AEDT) on Wednesday, 28 November 2018 at Collins Street Business Centre 14/330 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 26 November 2018 at 7pm (AEDT).

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 2018, 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 report for the financial year ended 30 June 2018."*

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, the Company will disregard a vote on this Resolution 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, the Company need not disregard a vote 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 the following resolution as an ordinary resolution:

"That, for the purpose of Listing Rule 14.4 and 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 the following resolution as an ordinary resolution:

"That, for the purpose of Listing Rule 14.4 and 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 – Issue of shares to John Chiplin

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

"That approval is given for the purposes of Listing Rule 10.11 and for all other purposes to issue to John Chiplin 189,117 ordinary shares at an issue price of $0.30 per share as part of the capital raise conducted in July 2018."

Voting exclusion:

The Company will disregard any votes cast in favour on this Resolution by Mr John Chiplin and any associates.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Resolution 5 – Issue of shares to Robert Peach

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

"That approval is given for the purposes of Listing Rule 10.11 and for all other purposes to issue to Robert Peach 333,333 ordinary shares at an issue price of $0.30 per share as part of the capital raise conducted in July 2018."

Voting exclusion:

The Company will disregard any votes cast in favour on this Resolution by Dr Robert Peach and any associates.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. Resolution 6 – Approval of prior issue of securities under the Company's 15% placement capacity

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

"That approval is given for the purposes of Listing Rule 7.4 and for all other purposes to the prior issue of 13,644,217 fully paid ordinary shares on 19 July 2018 on the terms and conditions set out in the Explanatory Memorandum."

Voting exclusion:

The Company will disregard any votes cast in favour on this Resolution by a person (and any associates of such a person) who participated in the Placement and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. Resolution 7 – Issuance of 375,000 Options to Samantha Cobb

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

"That, for the purposes of section 195(4) of the Corporations Act, Listing Rule 10.14 and for all other purposes, approval is given for the Company to allot and issue 375,000 Options to Samantha Cobb (or nominee) on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion:

The Company will disregard any votes cast in favour on this Resolution by a Director (except one who is ineligible to participate in the Employee Share Option Plan) or an associate of such a Director.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

9. Resolution 8 – Approval of 10% placement capacity

To consider, and if thought fit, to pass the following resolution as a special resolution:

"That, for the purpose of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totaling up to 10% of the issued capital of the Company (at the time of the issue), calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."

Voting Exclusion:

The Company will disregard any votes cast in favour on this Resolution by any person, or an associate of a person, who may participate in the issue of Equity Securities under this Resolution and who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed.

However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated 23 October 2018

BY ORDER OF THE BOARD



Cameron Jones
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 Collins Street Business Centre, Level 14/330 Collins St, Melbourne VIC 3000, on Wednesday, 28 November 2018 at 3pm (AEDT).

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 (in which case their proxy will be disregarded).

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.

A proxy can be either an individual or a body corporate. Should you appoint a body corporate as your proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at meetings in accordance with section 250D of the Corporations Act and provide satisfactory evidence of the appointment of its corporate representative to the Company prior to the Meeting.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

(a) the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed);

(b) if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands;

(c) if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and

(d) if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

(a) an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and

(b) the appointed proxy is not the chair of the meeting; and

(c) at the meeting, a poll is duly demanded on the resolution; and

(d) either of the following applies:
  i) the proxy is not recorded as attending the meeting; or
  ii) the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Authorised representative of corporate shareholders

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act in which case the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the Corporations Act to be provided prior to the Meeting.

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

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;
(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 or via email at cameron.jones@bio101.com.

4. Resolution 1 - Remuneration Report

Section 250R(2) of the Corporations Act provides that the Company is required to put the adoption of 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 or the Company.

While the vote on this Resolution 1 is advisory only, the outcome of the vote will be considered for the purposes of the "two strikes rule", where if 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 a "board spill resolution" at the second of those annual general meetings. If the board spill resolution is passed, the Company is required to hold a further meeting of the Shareholders 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.

No strike was recorded at the Company's last annual general meeting. On this basis, while the vote on the Remuneration Report at this Meeting may potentially be counted towards the two strikes in the future, no board spill can occur this year. The Chairman will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on the Remuneration Report.

Recommendation

The Directors unanimously recommend that the Shareholders vote in favour of Resolution 1.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman 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 authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

5. Resolutions 2 and 3 - Re-election of Directors- James Williams and Liddy McCall

Listing Rule 14.4 and clause 16.4 of the Constitution require 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.

A Director who retires under clause 16.4 of the Constitution is eligible for re-election. The Company currently has 6 Directors (including 1 Managing Director).

James Williams, a director since 16 December 2010 retires and seeks re-election.

Liddy McCall, a director since 16 December 2010 retires and seeks re-election.

Recommendations

The Directors (with Mr Williams abstaining) recommend that the Shareholders vote in favour of Resolution 2.

The Directors (with Ms McCall abstaining) recommend that the Shareholders vote in favour of Resolution 3.

The Chair intends to vote all undirected proxies in favour of Resolutions 2 and 3.

5. Resolution 4 and 5 - Issue of shares to John Chiplin and Robert Peach

On 19 July 2018, the Company issued securities within its 15% placement capacity, being 13,644,217 ordinary shares at 30 cents per share to institutional and sophisticated investors. The issue price of the Placement was 30c per share which represented a 14.3% discount to the Company's closing price on ASX of 35c on 10 July 2018 and a 16.7% discount to the 15-day VWAP.

Subject to obtain approval of Shareholders, the relevant Directors participated in the capital raise on the same terms as the institutional and sophisticated investors.

Proceeds from the private placement are being used by the Company for manufacturing and pre-clinical studies of AD-214 as well as internal research and development of new i-bodies and corporate costs.

In Resolution 4, the Company seeks Shareholder approval to issue 189,117 ordinary shares at 30c to Non-Executive Director John Chiplin. John Chiplin has contributed funds to the company of $56,735.10.

In Resolution 5, the Company seeks Shareholder approval to issue 333,333 ordinary shares at 30c to Non-Executive Director Robert Peach. Robert Peach has contributed funds to the company of $99,999.90.

The Company intends to issue the above mentioned shares as soon as practicable following the date of the Meeting, and Shareholder approval being obtained and no later than one (1) month after the date of the Meeting.

Recommendations

The Directors (with Mr Chiplin abstaining) recommend that the Shareholders vote in favour of Resolution 4.

The Directors (with Dr Peach abstaining) recommend that the Shareholders vote in favour of Resolution 5.

The Chair intends to vote all undirected proxies in favour of Resolutions 4 and 5.

6. Resolution 6 – Approval of prior issue of securities under the Company's 15% placement capacity

On 19 July 2018, the Company issued securities within its 15% placement capacity, being 13,644,217 ordinary shares at 30 cents per share to institutional and sophisticated investors. The issue price of the Placement was 30c per share which represented a 14.3% discount to the Company's closing price on ASX of 35c on 10 July 2018 and a 16.7% discount to the 15-day VWAP.

Proceeds from the private placement are being used by the Company for manufacturing and pre-clinical studies of AD-214 as well as internal research and development of new i-bodies and corporate costs.

The Company is seeking approval for the above-mentioned issue of shares, such that the Board may issue additional securities up to 15% of issued share capital, being the allowable placement capacity at any time in the next twelve months. The Board believes this will reinforce the current strategy and strengthen the Company's ability to move quickly should the Board feel it appropriate to take advantage of such opportunities.

Recommendations

The Directors recommend that the Shareholders vote in favour of Resolution 6.

The Chair intends to vote all undirected proxies in favour of Resolution 6.

7. Resolution 7 – Issuance of 375,000 options to Samantha Cobb

Resolution 7 seeks Shareholder approval for the grant of unlisted Options (**Related Party Options**) to Samantha Cobb, a **Related Party**) on the terms set out in the table below to preserve cash resources and to incentivise Ms Cobb in her position as CEO/Managing Director.

Shareholder Approval (Listing Rule 10.14) – Samantha Cobb

Listing Rule 10.14, requires shareholder approval to be obtained for securities to be issued under an employee incentive scheme to a director of the entity, an associate of a director, or a person whose relationship with the entity or the director/director's associate is, in ASX's opinion, such that approval should be obtained. It is proposed that the issue of Related Party Options to Samantha Cobb, being a Director, will be made under the Employee Share Option Plan, and therefore Shareholder approval under Listing Rule 10.14 is required.

The terms of the Related Party Options which are proposed to be issued to Samantha Cobb, are as follows:

Maximum number of securities	375,000 Options
Issue date	It is anticipated the Related Party Options will be issued on 28 November 2018 and, in any event, will be granted no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules).
Issue price	Nil
Issue price of Shares upon exercise of options	$0.25
Vesting criteria	Release of Adalta compound for human trials.
Expiry date	1 November 2022
Intended use of funds	The Directors consider the value of the Related Party Options to be reasonable remuneration. The primary purpose of the proposed issue of Related Party Options is to incentivise Ms Cobb and preserve cash resources of the Company. No funds will be raised on the issue of these option.

Eligible employees entitled to participate in the Employee Share Option Plan include those that the Board may resolve to offer Options to on terms and conditions the Board determines. Currently all Directors of the Company are entitled to participate in the Employee Share Option Plan.

If approval under Listing Rule 10.14 is obtained, approval under Listing Rule 7.1 will not be required and the Related Party Options issued to Samantha Cobb will not fall within the Company's annual 15% placement capacity pursuant to Listing Rule 7.1.

Corporations Act

Under Chapter 2E of the Corporations Act, a public company, or an entity that the public company controls, must not give a financial benefit to a related party of the public company, unless the shareholders of the company have in general meeting approved the giving of that financial benefit to the related or an exception applies.

The grant of the Related Party Options constitutes providing a financial benefit to Samantha Cobb, who is a related party by virtue of her position as a Director.

The Directors are of the view that the exception under section 211(1) of the Corporations Act (Remuneration and reimbursement for officer or employee) applies to the proposed grant of Related Party Options which are considered reasonable remuneration in the circumstances. Accordingly, the Directors have determined that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Related Party Options.

Shareholder approval is being sought under section 195 of the Corporations Act, which provides that a director of a public company may not vote or be present during, meetings of directors when matters in which that director holds a "material personal interest" are being considered, except in certain circumstances or unless non-interested directors pass a resolution approving the interested directors' participation. Section 195(4) provides that if there are not enough directors to form a quorum for a directors meeting because of this restriction, one or more of the directors may call a general meeting for the purposes of passing a resolution to deal with the matter.

For the avoidance of doubt, and for the purpose of transparency and best practice corporate governance, the Company is seeking approval under section 195(4) of the Corporations Act for the issue of the Related Party Options.

Recommendation
The Directors (with Ms Cobb abstaining) recommend that the Shareholders vote in favour of Resolution 7.

The Chair intends to exercise all undirected proxies in favour of Resolution 7. If the Chair of the Meeting is appointed as your proxy and you have not specified the way the Chair is to vote on Resolutions 7 by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention even though Resolution 7 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

9. Resolution 8 – Approval of 10% placement capacity

9.1 General

Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval to allow it to issue Equity Securities up to 10% of its issued capital over a period up to 12 months after the annual general meeting (10% Placement Capacity).

The Company is an Eligible Entity.

If Shareholders approve Resolution 8, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 8 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 9 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 8 for it to be passed.

9.2 Listing Rule 7.1A

Listing Rule 7.1A enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

(a) is not included in the A&P/ASX 300 Index; and

(b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of $300m.

The Company is an Eligible Entity as it is not included in the A&P/ASX 300 Index and at the date of this Notice has a current market capitalisation of approximately $33m based on a share price of $0.28 as at 23 October 2018.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities, being Shares (ASX Code: 1AD).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

Where:

$$(A \times D) - E$$

A is the number of Shares on issue 12 months before the date of issue or agreement:

(a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(b) plus the number of partly paid shares that became fully paid in the 12 months;

(c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(d) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this Resolution 8:

a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX Trading Days on which trades in that class were recorded immediately before:

(i) the date on which the price at which the Equity Securities are to be issued is agreed; or

(ii) if the Equity Securities are not issued within 5 ASX Trading Days of the date in paragraph (a)(i) above, the date on which the Equity Securities are issued.

b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

(iii) 12 months after the date of this Meeting; and

(iv) the date of approval by Shareholders of any transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

or such longer period if allowed by ASX (10% Placement Capacity Period).

Shareholder approval under Listing Rule 7.1A does not lapse if the Company's market capitalisation subsequently exceeds $300 million or of it is included in the S&P/ASX 300 Index at some time during that period provided that the Company meets those criteria on the date of this Meeting.

c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the economic and voting interests of Shareholders who do not receive any Shares under the issue.

If Resolution 8 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in Listing Rule 7.1A(2), on the basis of the current market price of Shares and the number of Equity Securities the Company will have on issue as at the date of the Meeting.

The table also shows:

i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company will have on issue at the date of the Meeting. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price. The voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity

Variable 'A' in Listing Rule 7.1 A.2		50% decrease in Issue Price $0.14	Issue Price $0.28	50% increase in Issue Price $0.42
Current Variable A 117,082,073	10% Voting Dilution	11,708,207 shares	11,708,207 shares	11,708,207 shares
	Funds raised	$1,639,149	$3,278,298	$4,917,447
50 % increase in current Variable A	10% Voting Dilution	17,562,311 shares	17,562,311 shares	17,562,311 shares
175,623,110	Funds raised	$ 2,458,724	$ 4,917,447	$ 7,376,171
100% increase in current Variable A	10% Voting Dilution	23,416,415 shares	23,416,415 shares	23,416,415 shares
234,164,146	Funds raised	$ 3,278,298	$ 6,556,596	$ 9,834,894

The table above uses the following assumptions:

1. The current shares on issue are the Shares on issue as at 23 October 2018.
2. The issue price set out above of $0.28 is the closing price of the Shares on the ASX on 23 October 2018.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. No Options are exercised into Shares before the date of the issue of the Equity Securities;
5. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to by reason of placements under the 10% Placement Capacity. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to issues approved under Listing Rule 7.1.

Shareholders should note that there is a risk that:

(i) the market price for the Company's Equity Securities in that class may be significantly lower on the issue date than on the date of the Meeting; and

(ii) the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the date of issue or the Equity Securities are issued as part of the consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

d) Purpose of Issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

(i) as cash consideration, in which case the Company intends to use funds raised for expanding or accelerating the Company's existing business activities (including expenses associated with further development of the Company's existing assets), pursuing other acquisitions that have a strategic fit or will otherwise add value to shareholders (including expenses associated with such acquisitions) and general working capital; or

(ii) as non-cash consideration for acquisition of new assets, technology and investments, in such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

e) Allocation under the 10% Placement Capacity

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to:

(i) the purpose of the issue;

(ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;

(iii) the effect of the issue of the Equity Securities on the control of the Company;

(iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company; and

(v) advice from corporate, financial and broking advisers (if applicable).

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined but may include current Shareholders or new investors (or both), none of whom will be related parties or associates of a related party of the Company.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

f) Previous Approval under Listing Rule 7.1A

The Company has previously obtained Shareholder approval under Listing Rule 7.1A at its Annual General meeting held on 14 November 2017.

In the 12 months preceding the date of this Notice, the Company issued a total of 18,736,228 Equity Securities which represents approximately 19% of the total number of Equity Securities on issue at 14 November 2017 (101,257,434). The Equity Securities issued in those 12 months were as follows:

Date of Issue	Number of Equity Securities	Class of Equity Securities and summary of terms	Names of recipients or basis on which recipients determined	Issue price of Equity Securities and discount to Market Price on the trading day prior to the issue	If issued for cash – the total consideration, what is was spent on and the intended use of any remaining funds If issued for non-cash consideration – a description of the consideration and the current value of the consideration.
20/11/2017	600,000	Options exercisable at 17 cents, expiring 16 October 2020 pursuant to ESOP.	Employees eligible to participate in ESOP	Nil	Non-cash consideration: $96,628.10
21/11/2017	950,000	Unlisted options exercisable at 25 cents per share and expiring 14 November 2021 pursuant to ESOP.	Directors	Nil	Non-cash consideration: $235,978
21/11/2017	550,000	Unlisted options exercisable at 50 cents per share and expiring 14 November 2021 pursuant to ESOP.	Directors	Nil	Non-cash consideration: $59,994
21/11/2017	250,000	Unlisted options exercisable at 75 cents per share and expiring 14 November 2021 pursuant to ESOP.	Director	Nil	Non-cash consideration: $24,040
21/11/2017	250,000	Unlisted options exercisable at $1 per share and expiring 14 November 2021 pursuant to ESOP.	Director	Nil	Non-cash consideration: $21,066

30/11/2017	200,000	Unlisted options exercisable at 25 cents per share and expiring 14 November 2021 pursuant to ESOP.	Employee eligible to participate in ESOP	Nil	Non-cash consideration: $28,269
30/11/2017	100,000	Unlisted options exercisable at 50 cents per share and expiring 14 November 2021 pursuant to ESOP.	Employee eligible to participate in ESOP	Nil	Non-cash consideration: $11,320
30/11/2017	100,000	Unlisted options exercisable at 75 cents per share and expiring 14 November 2021 pursuant to ESOP.	Employee eligible to participate in ESOP	Nil	Non-cash consideration: $9,616
30/11/2017	100,000	Unlisted options exercisable at $1 per share and expiring 14 November 2021 pursuant to ESOP.	Employee eligible to participate in ESOP	Nil	Non-cash consideration: $8,426
20/02/2018	200,000	Unlisted options exercisable at 31cents per share and expiring 30 September 2021 pursuant to ESOP.	Employee eligible to participate in ESOP	Nil	Non-cash consideration: $31,906
20/02/2018	200,000	Unlisted options exercisable at 31 cents per share and expiring 30 September 2022 pursuant to ESOP.	Employee eligible to participate in ESOP	Nil	Non-cash consideration: $35,367
19/7/2018	13,644,217	Ordinary shares issued under Placement to institutional and sophisticated investors.	Institutional and sophisticated investors.	$0.30 Discount: 14.3% to closing price of 35c on 10 July 2018	$4,093,265.10

15/08/2018	1,592,011	Ordinary shares issued under Share Purchase Plan	Eligible shareholders per announcement released on 16 July 2018.	$0.30 Discount: 14.3% to closing price of 35c on 10 July 2018	$477,603.30

Notes:

1. The value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option.
2. The Company's cash balance on 14 November 2017 was approximately $6.2million. Cash raised from issues in the previous 12 months totals approximately $4.6million. The Company's cash balance as at the date of this Notice is approximately $4.3 million. Funds expended during the 12 months have been on further developing the Company's assets and general working capital. The remaining funds are intended to be used by the Company for manufacturing and pre-clinical studies of AD-214 as well as internal research and development of new i-bodies and corporate costs.

Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 8.

Recommendation

The Directors unanimously recommend that the Shareholders vote in favour of Resolution 8.

The Chair intends to vote all undirected proxies in favour of Resolution 8.

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 2018.

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 Melbourne.

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

Closely Related Party means has the meaning given in section 9 of the Corporations Act which include the spouses, dependents and certain other close family members of a member of the Key Management Personnel and any company controlled by a member of the Key Management Personnel.

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.

Eligible Entity has the same meaning as in the Listing Rules.

Employee Share Option Plan means the employee share option plan as previously approved by the Shareholders on 10 May 2016.

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.

Option means an unlisted option over a Share.

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.

AEDT means Australian Eastern Daylight Time, being the time in Melbourne.

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

AdAlta
next generation protein therapeutics

ADALTA LIMITED | ACN 120 332 925

AGM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

[EntityRegistrationDetailsLine1Envelope]
[EntityRegistrationDetailsLine2Envelope]
[EntityRegistrationDetailsLine3Envelope]
[EntityRegistrationDetailsLine4Envelope]
[EntityRegistrationDetailsLine5Envelope]
[EntityRegistrationDetailsLine6Envelope]

[HolderNumber]

Holder Number:
[HolderNumber]

Vote by Proxy: 1AD

Your proxy voting instruction must be received by **3.00pm (AEDT) on Monday, 26 November 2018,** being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at https://investor.automic.com.au/#/loginsah

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.

SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is 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/#/home** 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.

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.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

Contact

Return your completed form

BY MAIL:
Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:
Automic
Level 5, 126 Phillip Street,
Sydney NSW 2000

Contact us – All enquiries to Automic

WEBCHAT: https://automic.com.au/
EMAIL: hello@automic.com.au
PHONE:
1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

AUTOMIC

STEP 1: Appoint Your Proxy

Complete and return this form as instructed only if you do not vote online

I/We being a Shareholder entitled to attend and vote at the **Annual General Meeting of AdAlta Limited will be held at 3.00pm (AEDT) on Wednesday, 28 November 2018 at Collins Street Business Centre, 14/330 Collins St, Melbourne VIC 3000** hereby:

Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy 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.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.
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.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS
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(s) 1, 4, 5, & 7 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 4, 5, & 7 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

STEP 2: Your Voting Direction

Resolutions		For	Against	Abstain
1.	Adoption of the Remuneration Report	☐	☐	☐
2.	Re-election of Director – James Williams	☐	☐	☐
3.	Re-election of Director – Liddy McCall	☐	☐	☐
4.	Issue of shares to John Chiplin	☐	☐	☐
5.	Issue of shares to Robert Peach	☐	☐	☐
6.	Approval of prior issue of securities under the Company's 15% placement capacity	☐	☐	☐
7.	Issuance of 375,000 Options to Samantha Cobb	☐	☐	☐
8.	Approval of 10% placement capacity (Special Resolution)	☐	☐	☐

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.*

STEP 3: Sign Here + Contact Details

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name:

Email Address:

Contact Daytime Telephone

Date (DD/MM/YY) ☐☐ / ☐☐ / ☐☐

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).

1AD

[HolderNumber]