AdAlta
next generation protein therapeutics

ASX Announcement

AdAlta to advance improved lung fibrosis therapy, AD-214

- AdAlta's lead drug for treatment of Idiopathic Pulmonary Fibrosis, AD-114 redesigned as new Fc-Fusion molecule, called AD-214 - suitable for a wider range of fibrotic diseases
- New molecule AD-214 retains unique therapeutic benefits of AD-114, but delivers enhanced activity and significantly improved half-life
- AD-214 expected to be more attractive to patients and potential pharma partners

MELBOURNE Australia, 18th April 2018, AdAlta Limited (ASX: 1AD), the biotechnology company advancing its lead i-body candidate towards clinical development, is pleased to announce a significant improvement to its lead therapeutic program. AdAlta has developed and tested an improved form of AD-114 – this new molecule has been given the name AD-214.

AD-214 has demonstrated a significant improvement in half-life (or duration of the time in which a drug stays in the body) compared to AD-114. AD-214 has also shown significantly enhanced activity compared to AD-114.

AD-214 is an Fc-Fusion protein that contains two AD-114 i-body molecules at the front end, that bind with high affinity to the human target, CXCR4. At the back end of AD-214 is the Fc fragment or tail region of a traditional monoclonal antibody that will extend the half-life or duration of time in which the i-body will stay in the body.

An increased half-life results in significantly less frequent dosing and therefore a more desirable and acceptable outcome for patients leading to greater drug compliance. Less frequent dosing is considered important for patients and their physicians when treating fibrotic diseases.

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Dr Robert Peach, AdAlta's Non-Executive Director who has a long history in the development of commercially available biologic drugs, including the Fc-Fusion drug blockbuster Orencia commented, "The data on AdAlta's CXCR4 i-body antagonist is extremely encouraging for the treatment of multiple fibrotic diseases, including NASH, and age related macular degeneration.

"We have been able to leverage all the work done to date on AD-114 in the development of AD-214. This means we can make use of our existing strong data package and retain orphan drug status for treatment of idiopathic pulmonary fibrosis. We expect AD-214 will deliver increased commercial and therapeutic benefits in multiple fibrotic conditions, combined with the strong commercial precedent of existing mainstream drugs developed using the Fc-Fusion route reinforces the validity of this approach."

AdAlta intends to progress this improved molecule AD-214 into a Phase I clinical trial to commence in the second half of 2019. Accordingly, the Company will prioritize development of AD-214 and halt further expenditure on manufacturing the current AD-114 molecule.

AdAlta's CEO Sam Cobb commented, "AD-214 will widen the commercial interest when we progress our partnering discussions. Although the redesign of AD-114 into the new Fc-Fusion molecule AD-214 delays us from entering human clinical trials by around 12 months, AdAlta believes the timeline associated with this new molecule is more than offset by its broader clinical utility in a wider range of fibrotic diseases outside of Idiopathic Pulmonary Fibrosis".

AdAlta has appointed manufacturing expert Hausi Kocher to the Company's Scientific Advisory Board to provide strategic and technical advice with regards to manufacturing of AD-214. Dr Kocher has over 30 years of commercial manufacturing expertise with therapeutic monoclonal antibodies, complementing existing in-house experience.

Hausi Kocher said, "There is a clear path forward for AdAlta to develop and manufacture AD-214 that is well understood by global pharmaceutical companies."

AdAlta is currently in discussions to finalise agreements with a world-class manufacturing partner and will provide shareholders with an update later this month. There are greater than 70 antibodies currently on the market and eleven FDA approved Fc-Fusion proteins. There is a straightforward method of manufacturing and consequently it is expected that

costs of goods can be reduced for AD-214 due to less frequent dosing and a well understood manufacturing pathway.

A presentation accompanies this announcement which further introduces AD-214.

-ENDS-

Notes to Editors

About AdAlta

AdAlta Limited 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.

I-bodies are a promising, novel class of drugs that offer a new and more effective approach to treating a wide range of human diseases. They are identified and developed using our proprietary technology platform.

We have pioneered a technology that 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, now known as i-bodies, for use in treating serious diseases.

AdAlta is developing its lead i-body candidate, AD-214, 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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