

8 April 2019

Completion of investment by Life Biosciences LLC and capital raising update

MELBOURNE, AUSTRALIA AND SAN FRANCISCO, USA – April 8, 2019: Alterity Therapeutics Limited (formerly Prana Biotechnology Limited) (ASX:PBT) (“Alterity” or “the Company”) is pleased to announce completion of the strategic investment by Life Biosciences LLC (**Life**) of an initial US\$7.5m (A\$10.526m at an exchange rate of A\$1.00 to US\$0.7125) in the Company (**Subscription**). Under the Subscription, the Company has issued Life a total of 269,905,533 fully paid ordinary shares at an issue price of A\$0.039 (3.9 cents) per share, and 539,811,066 two for one free-attaching warrants each with an exercise price of A\$0.045 (4.5 cents), vesting on 8 June 2019 and expiring on 19 December 2019. Further details regarding the Subscription are set out in the Notice of General Meeting and Explanatory Memorandum dated 27 February 2019 (**Notice of Meeting**).

The Company has also completed a placement of 23,430,949 fully paid ordinary shares at the same issue price to raise A\$913,807 with 46,861,898 2 for 1 attaching warrants having the same exercise price, vesting date and expiry date (**Placement**). Further details for the Placement are provided below. The Placement is in addition to the Subscription by Life referred to above. Further details are set out in the Notice of Meeting.

Mr Geoffrey Kempler, Chairman and CEO said that, *“Today’s completion of Life Biosciences’ initial strategic investment ushers in a truly exciting and transformational change for the Company and I want to thank shareholders for their support. We are now potentially poised to be funded for several years and advance our important clinical programmes.”*

In accordance with the approvals given at the General Meeting held on 5 April 2019:

- Dr David Sinclair and Mr Tristan Edwards took office as Directors of the Company at completion of the Subscription.
- The Company has changed its name to “Alterity Therapeutics Limited” (and anticipates new ticker codes ASX:ATH and Nasdaq:ATHE will shortly be announced) as approved by shareholders at the General Meeting.
- The funds received from the Subscription and the Placement are proposed to be used for research and development of the Company’s product candidates and other compounds as described in the Notice of Meeting.
- The shares and Warrants issued to Life are voluntarily escrowed until registered with the US Securities and Exchange Commission (**SEC**) by the Company or are otherwise able to be traded lawfully in the United States of America and no longer restricted by the SEC.
- The four continuing Directors, Mr Geoffrey Kempler, Mr Lawrence Gozlan, Mr Peter Marks and Mr Brian Meltzer, and the Company Secretary, Mr Phillip Hains, and the Chief Financial Officer,

Ms Kathryn Andrews, have entered lock-up letters undertaking not to dispose of a total of 18,592,577 shares and 10,250,000 options held by them until 16 August 2019 (being 90 trading days from issue of securities under the Subscription).

- Life has obtained a relevant interest in 31.35% of the voting shares of the Company. The relevant interest of Life would increase to 57.81% if it exercises the warrants it holds during the escrow period, assuming no further shares were to be issued and that no other warrants or any options are exercised or converted. Please refer to the Notice of Meeting for further information (including illustrative examples showing the impact of varying exchange rates at the time that warrants are exercised).
- As a consequence, the Company has obtained a relevant interest in 33.51% of its own voting shares (being the shares issued to Life and the shares subject to the lock up arrangements referred to above) which would increase to 59.14% if Life exercises its warrants during the escrow and lock up periods, on the basis of the same assumptions as above.
- Life has the right, but not the obligation, to participate in future capital raising to maintain its percentage ownership of the Company at the time, on the same terms of the capital raising and without restricting the Company's ability to raise further capital (**Come-along Right**). The Come-along right does not apply to the Placement and lapses on 19 December 2019.
- Life may nominate a third Director to join the Board of the Company.

The Company confirms the above percentage relevant interests that are or may be held by Life or the Company are less than the maximum percentage relevant interests approved by shareholders at the General Meeting.

Please refer to the Notice of Meeting for further details.

Prof. Ira Shoulson and Dr George Mihaly have resigned as Directors of the Company with effect at completion of the Subscription. *"Dr Mihaly and Professor Shoulson have made enormous contributions to the Company over a number of years and on behalf of all shareholders I would like to thank them for their untiring dedication and efforts"*, said Mr Kempler.

Placement

The Placement shares and Warrants were issued in accordance with the approval given at the General Meeting to unrelated professional, sophisticated and other exempt investors who do not require disclosure under Chapter 6D of the Corporations Act.

The Company retains the right to issue up to approximately 27.7 million shares (each with two free-attaching warrants) on or before 8 July 2019 under the shareholder approval received at the General Meeting.

An Appendix 3B and cleansing notice for the issues of shares and warrants to Life and under the Placement accompanies this announcement.

This press release does not constitute an offer to sell or the solicitation of an offer to buy securities of the Company, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

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Investor Relations

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About Alterity Therapeutics Limited

Alterity's lead candidate, PBT434, is the first of a new generation of small molecules designed to inhibit the aggregation of pathological proteins implicated in neurodegeneration. PBT434 has been shown to reduce abnormal accumulation of α -synuclein and tau proteins in animal models of disease by restoring normal iron balance in the brain. In this way, it has excellent potential to treat various forms of atypical parkinsonism such as Multiple System Atrophy (MSA) and Progressive Supranuclear Palsy (PSP).

For further information please visit the Company's web site at www.alteritytherapeutics.com.

Forward Looking Statements

This press release contains "forward-looking statements" within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. The Company has tried to identify such forward-looking statements by use of such words as "expects," "intends," "hopes," "anticipates," "believes," "could," "may," "evidences" and "estimates," and other similar expressions, but these words are not the exclusive means of identifying such statements. Examples of forward-looking statements include, among others, statements we make regarding:

- *the use of proceeds from the Placement;*
- *no assurance that the warrants issued to Life will be exercised;*
- *Life's ability, but no obligation to participate in future capital raisings to maintain its percentage ownership in the Company; and*
- *The potential future issuance of securities in the Placement.*

Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are described in the sections titled "Risk Factors" in the Company's filings with the SEC, including its most recent Annual Report on Form 20-F as well as reports on Form 6-K, including, but not limited to the following: statements relating to the Company's drug development program, including, but not limited to the initiation, progress and outcomes of clinical trials of the Company's drug development program, including, but not limited to, PBT434, and any other statements that are not historical facts. Such statements involve risks and uncertainties, including, but not limited to, those risks and uncertainties relating to the difficulties or delays in financing, development, testing, regulatory approval, production and marketing of the Company's drug components, including, but not limited to, PBT434, the ability of the Company to procure additional future sources of financing, unexpected adverse side effects or inadequate therapeutic efficacy of the Company's drug compounds, including, but not limited to, PBT434, that could slow or prevent products coming to market, the uncertainty of patent protection for the Company's intellectual property or trade secrets, including, but not limited to, the intellectual property relating to PBT434.

Any forward-looking statement made by us in this press release is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly updated any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Appendix 3B

New Issue Announcement, Application for Quotation of Additional Securities and Agreement

*Information or documents not available now must be given to ASX as soon as available.
Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of Entity

Alterity Therapeutics Limited (formerly Prana Biotechnology Limited) (ASX: PBT)

ABN

37 080 699 065

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | (a) Ordinary shares (ASX: PBT) (b) Unlisted warrants (c) Ordinary shares (ASX: PBT) (d) Unlisted warrants |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (a) 269,905,533 (b) 539,811,066 (c) 23,430,949 (d) 46,861,898 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | (a) & (c) Fully paid ordinary shares (ASX: PBT) (b) & (d) Short-term warrants to acquire ordinary shares with exercise price of \$0.045 (4.5 cents), expiring on 19 th December 2019 |

| | | |
|----|---|--|
| 4 | Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities? | (a) & (c) Yes (b) & (d) Ordinary shares issued upon the exercise of the warrants will rank equally in all respects from the issue date with the existing ordinary shares (ASX: PBT) |
| | If the additional +securities do not rank equally, please state: <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | |
| 5 | Issue price or consideration | (a) & (c) A\$0.039 per share (b) & (d) Nil |
| 6 | Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets) | (a) & (b) Issue of securities to Life Biosciences LLC (and/or its nominee(s)) as approved by shareholders at the General Meeting held on 5 th April 2019 (c) & (d) Issue of securities to sophisticated and professional investors under a private placement as approved by shareholders at the General Meeting held on 5 th April 2019 |
| 6a | Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i> , and comply with section 6i | Yes |
| 6b | The date the security holder resolution under rule 7.1A was passed | 16 November 2018 |
| 6c | Number of +securities issued without security holder approval under rule 7.1 | Nil |
| 6d | Number of +securities issued with security holder approval under rule 7.1A | Nil |
| 6e | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | (a) 269,905,533 (b) 539,811,066 (c) 23,430,949 (d) 46,861,898 Approved by shareholders on 5 th April 2019 |

| 6f | Number of +securities issued under an exception in rule 7.2 | Nil | | | | |
|-------------|---|--|--------|--------|-------------|----------------------------------|
| 6g | If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation. | N/A | | | | |
| 6h | If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements | N/A | | | | |
| 6i | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements | Refer to the attached Annexure 1 | | | | |
| 7 | +Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B. | 8 April 2019 | | | | |
| 8 | Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable) | <table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>860,837,432</td> <td>Fully Paid Ordinary Shares (PBT)</td> </tr> </tbody> </table> | Number | +Class | 860,837,432 | Fully Paid Ordinary Shares (PBT) |
| Number | +Class | | | | | |
| 860,837,432 | Fully Paid Ordinary Shares (PBT) | | | | | |
| 9 | Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable) | | | | | |

| ASX Code | Number | Class of Securities | | | Issued under an ESOP |
|--------------|--------------------|---------------------|----------------|------------------|----------------------|
| | | Security Type | Exercise Price | Expiry Date | |
| PBTAH | 2,000,000 | Unlisted Options | AUD\$0.26 | 18 Feb 2020 | 2004 ASX Plan |
| PBTAR | 1,400,000 | Unlisted Options | AUD\$0.27 | 25 May 2020 | 2004 ASX Plan |
| PBTAS | 7,350,000 | Unlisted Options | AUD\$0.07 | 6 Jun 2022 | 2004 ASX Plan |
| PBTAAA | 13,850,000 | Unlisted Options | AUD\$0.11 | 14 Dec 2022 | 2004 ASX Plan |
| PBTAI | 700,000 | Unlisted Options | AUD \$0.083 | 31 January 2023 | 2004 ASX Plan |
| NEW CLASS | 586,672,964 | Short-term warrants | AUD \$0.045 | 19 December 2019 | No |
| TOTAL | 611,972,964 | | | | |

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

Part 2 - Pro rata issue – n/a

11 Is security holder approval required?

12 Is the issue renounceable or non-renounceable?

13 Ratio in which the *securities will be offered

14 *Class of *securities to which the offer relates

15 *Record date to determine entitlements

16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

17 Policy for deciding entitlements in relation to fractions

18 Names of countries in which the entity has security holders who will not be sent new offer documents
Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.

19 Closing date for receipt of acceptances or renunciations

20 Names of any underwriters

21 Amount of any underwriting fee or commission

22 Names of any brokers to the issue

23 Fee or commission payable to the broker to the issue

24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders

25 If the issue is contingent on security holders' approval, the date of the meeting

26 Date entitlement and acceptance form and offer documents will be sent to persons entitled

- | | | |
|----|---|--|
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | |
| 28 | Date rights trading will begin (if applicable) | |
| 29 | Date rights trading will end (if applicable) | |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker? | |
| 31 | How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | |
| 32 | How do security holders dispose of their entitlements (except by sale through a broker)? | |
| 33 | *Issue date | |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of *securities
(tick one)

(a) *Securities described in Part 1 (for Ordinary shares **only**)

(b) All other *securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities – n/a

Tick to indicate you are providing the information or documents

35 If the *securities are *equity securities, the names of the 20 largest holders of the additional *securities, and the number and percentage of additional *securities held by those holders

36 If the *securities are *equity securities, a distribution schedule of the additional *securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over

37 A copy of any trust deed for the additional *securities

Entities that have ticked box 34(b) – n/a

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

| | Number | +Class |
|--|--------|--------|
| 42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38) | | |

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: _____

Date: 8 April 2019

Company Secretary

Print name: Phillip Hains



The CFO Solution

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

| Rule 7.1 – Issues exceeding 15% of capital | |
|--|---|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue | 533,891,470 |
| Add the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period | Nil 314,121,862 Nil |
| Note: <ul style="list-style-type: none"> • Include only ordinary securities here – other classes of equity securities cannot be added • Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed • It may be useful to set out issues of securities on different dates as separate line items | |
| Subtract the number of fully paid +ordinary securities cancelled during that 12 month period | Nil |
| “A” | 848,013,332 |
| Step 2: Calculate 15% of “A” | |
| “B” | 0.15 <i>[Note: this value cannot be changed]</i> |
| Multiply “A” by 0.15 | 127,202,000 |

Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used

| | |
|---|-------------------|
| <p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | <p>12,824,100</p> |
| <p>“C”</p> | <p>12,824,100</p> |

Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1

| | |
|---|--|
| <p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p> | <p>127,202,000</p> |
| <p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p> | <p>12,824,100</p> |
| <p>Total [“A” x 0.15] – “C”</p> | <p style="text-align: center;">114,377,900</p> <p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p> |

Part 2

| Rule 7.1A – Additional placement capacity for eligible entities | |
|---|---|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| “A” <i>Note: number must be same as shown in Step 1 of Part 1</i> | 848,013,332 |
| Step 2: Calculate 10% of “A” | |
| “D” | 0.10 <i>Note: this value cannot be changed</i> |
| Multiply “A” by 0.10 | 84,801,333 |
| Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used | |
| Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items | Nil |
| “E” | Nil |
| Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A | |
| “A” x 0.10 <i>Note: number must be same as shown in Step 2</i> | 84,801,333 |
| Subtract “E” <i>Note: number must be same as shown in Step 3</i> | - |
| Total [“A” x 0.10] – “E” | 84,801,333 Note: This is the remaining placement capacity under rule 7.1A |

ASX ANNOUNCEMENT

Notice Under Section 708A(5) of the Corporations Act [ASX Code: PBT]

8 April 2019

This notice is given under paragraph (5)(e) of section 708A of the Corporations Act.

| | |
|-----------------------------|---------------------|
| Type: | Shares |
| Class/Description: | Ordinary Fully Paid |
| ASX Code: | PBT |
| Date of Issue: | 8 April 2019 |
| Number Issued: | 293,336,482 |
| Issue Consideration: | A\$0.039 per share |

The Company intends to apply to ASX Limited for quotation of the above shares.

Accordingly, the Company gives notice under section 708A(5)(e) of the *Corporations Act 2001* (Cth) (the "Corporations Act") that:

1. the abovementioned ordinary shares were issued without disclosure to investors under Part 6D.2 of the *Corporations Act*;
2. as at the date of this notice the Company has complied with:
 - (i) the provisions of Chapter 2M *Corporations Act* as they apply to the Company; and
 - (ii) section 674 *Corporations Act*; and
3. as at the date of this notice there is no "excluded information" (as defined in subsection 708A(7) of the *Corporations Act*) which is required to be disclosed by the Company.

For and on behalf of the Company,



Phillip Hains
Company Secretary
Alterity Therapeutics Limited (formerly Prana Biotechnology Limited)