

Adherium Limited

ACN 605 352 510
(ASX code: ADR)

PROSPECTUS

2022 Share Purchase Plan Offer (and Shortfall Offer)

*For an offer to Eligible Shareholders to subscribe for up to 200,000,000 New Shares at an issue price of \$0.005 per New Share under a share purchase plan (**SPP**) together with 1 New Option for every 2 New Shares issued under the SPP to raise up to a maximum of approximately \$1 million before costs (**SPP Offer**).*

*Any New Shares not issued under the SPP Offer will form the Shortfall (including New Options in the same ratio as under the SPP Offer for all New Shares issued under any Shortfall). The offer to issue the Shortfall (**Shortfall Offer**) is a separate offer under this Prospectus.*

The Offers are not underwritten.

IMPORTANT NOTICE

This document is important and should be read in its entirety.

If, after reading this Prospectus, you have any questions about the Offer Securities being offered under this Prospectus or any other matter relating to the Offers, then you should consult your professional adviser. An investment in the Offer Securities offered by this Prospectus should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

This Prospectus has also been prepared in accordance with Section 713 of the Corporations Act.

IMPORTANT NOTICE

1. Prospectus

This Prospectus is dated **17 November 2022**. A copy of this Prospectus has been lodged with ASIC on that date. ASIC and its officers take no responsibility for the contents of this Prospectus. No Offer Securities will be issued or allotted on the basis of this Prospectus later than 13 months after the date of this Prospectus (**Expiry Date**).

This Prospectus is a transactional specific prospectus for offers of continuously quoted securities (being the New Shares under the Offers) and New Options and has been prepared in accordance with section 713 of the Corporations Act.

This Prospectus does not contain the same level of disclosure as an initial public offering prospectus prepared pursuant to Section 710 of the Corporations Act. In making representations in this Prospectus, regard has been made to the fact that Adherium Limited (**ADR** or the **Company**) is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult. Further information is provided in Section 7 of this Prospectus. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX.

The Company will apply to ASX within 7 days of the date of this Prospectus for quotation of the New Shares offered under this Prospectus. Quotation will not be sought for quotation of the New Options. The ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may quote the New Shares is not to be taken in any way as an indication of the merits of the Company.

Applications for New Shares and New Options offered pursuant to this Prospectus can only be accepted in accordance with the applicable Application Form. Applications under the SPP Offer can only be submitted by Eligible Shareholders and applications under the Shortfall Offer can only be submitted by Eligible Shareholders and investors resident in an Exempt Jurisdiction. If you are in any doubt about the contents of this document, you should obtain independent professional advice.

2. Disclaimer

The information contained in this Prospectus is not investment advice. Before deciding to invest in the Company, you should read and understand the entire Prospectus and, in particular, in considering the Company's prospects, you should consider the risk factors

that could affect the Company's performance. You should carefully consider these risk factors in Section 6 in light of your personal circumstances (including financial and taxation issues) and seek advice from your professional adviser before deciding to invest. Investing in the Company involves risks.

None of the Company, the Directors or any other person gives any guarantee as to the success of the Company, the repayment of capital, the payment of dividends, the future value of the Offer Securities or the price at which the New Shares will trade on the ASX.

Any references to past performance of the Company is no guarantee of future performance.

3. No Representations other than this Prospectus

No person or entity is authorised to give any information or to make any representation in connection with the Offers that is not contained in this Prospectus or has not been released to ASX with the authorisation of the Company.

The Application Forms accompanying this Prospectus are important.

Please refer to the instructions in Section 4 of this Prospectus regarding acceptance of the Offers.

4. Forward looking information

Some of the statements appearing in this Prospectus may be in the nature of forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. You should be aware that such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate.

Forward looking statements are subject to many inherent risks and uncertainties before actual outcomes are achieved. Those risks and uncertainties include factors and risks specific to the industry in which the Company operates as well as general economic conditions, interest rates, exchange rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and any variation may be materially positive or negative. Forward looking information (including forecast financial information) is subject to uncertainty and contingencies, many of which are outside the control of the Company.

5. No cooling off rights apply to this Offer

Cooling off rights do not apply to an investment pursuant to the Offers. This means that, in most circumstances, you cannot withdraw your Application Form once it has been lodged.

6. Offer Restrictions on Distribution

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

No action has been taken to lodge this Prospectus in any jurisdiction outside of Australia or to otherwise permit a public offering of New Shares or New Options under the Offers other than the Exempt Jurisdictions. This Prospectus is not to be distributed in, and the Offers are not to be made in, countries other in the Exempt Jurisdictions.

The Offer Securities have not been, and will not be, registered under the US Securities Act of 1933 and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

It is the responsibility of any Applicant to ensure compliance with any laws of a country

relevant to their application. Return of a duly completed Application Form will be taken by the Company as a representation that there has been no breach of such laws, that the Applicant is an Eligible Shareholder or an investor resident in an Exempt Jurisdiction.

7. Prospectus availability

Those investors who receive this Prospectus electronically are advised that the issue of securities under this Prospectus is only available to persons receiving the prospectus (in hard copy form or downloaded from the ASX website) in accordance with the distribution restrictions described in Section 6 above. The information on the Company's website does not form part of this Prospectus.

8. Definitions and glossary, financial amounts and time

Definitions of certain terms used in this Prospectus are contained in Section 9. Unless otherwise indicated, all references to currency are to Australian dollars and all references to time are to Melbourne, Victoria, Australia time.

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Key Offer details

Key details of the Offer	
SPP Offer to Eligible Shareholders	A minimum of \$5,000 and up to \$20,000 worth of New Shares per Eligible Shareholder (in parcel sizes of \$5,000, \$10,000, \$15,000 or \$20,000) at an issue price of \$0.005 per New Share together with 1 New Option for every 2 New Shares issued under the SPP Offer.
Shortfall Offer	An offer of any Shortfall resulting from the SPP Offer with a minimum parcel size of \$5,000.
Issue Price per New Share	\$0.005 per New Share payable in full on Application
Maximum number of New Shares issued under this Prospectus	200,000,000 New Shares
Maximum number of New Options issued under this Prospectus	100,000,000 New Options
Maximum proceeds from the Offers (excluding costs associated with the Offers)	Approximately \$1 million (before expenses and costs of the issue)
Maximum number of Shares on issue following the Offers (<u>excluding</u> any shares issued upon exercise of New Options and <u>including</u> the additional 152,500,000 Placement Shares subject to shareholder approval)	5,127,695,536 Shares

Important Dates for SPP Offer

Event	Date
Record Date for eligibility to participate in SPP	7.00pm, 16 November 2022
Announcement Date	17 November 2022
Prospectus and Application Form despatched Opening Date	21 November 2022
Closing Date	5.00pm, 5 December 2022
Announcement of results of SPP Offer	9 December 2022
Issue of the New Shares and New Options under SPP Offer	12 December 2022
Despatch of holding statements for New Shares under SPP Offer	13 December 2022

Notes:

- Refer to Sections 2.2 and 2.6 for details in respect of the closing date of the Shortfall Offer and the timing of issue of New Shares under the Shortfall Offer
- The above dates relate to the SPP Offer, are indicative only and subject to change. All dates and times referenced are Australian Eastern Daylight Time (AEDT). The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend these dates without prior notice including extending the last date for receipt of Application Forms, or to delay or withdraw the Offer at any time without prior notice. If withdrawn, all Application Monies for New Shares which have not been issued will be refunded (without interest) as soon as practicable.

Letter from the Chairman

Dear Shareholder

Opportunity to participate in the Company's Share Purchase Plan

On behalf of the board of directors (**Board**) of Adherium Limited ACN 605 352 510 (ASX code: ADR) (**Company** or **Adherium**), I am pleased to offer Eligible Shareholders the opportunity to participate in the Company's share purchase plan (**SPP** or **Share Purchase Plan**).

As announced on 16 September 2022, the Company has received subscription commitments from new and existing institutional and sophisticated investors to subscribe for up to approximately 2.7 billion new fully paid ordinary shares in the capital of the Company at an issue price of \$0.005 per share to raise up to approximately \$13.5 million before costs (**Placement**). The Company also wishes to offer our shareholders the opportunity under the SPP to participate at the same offer price as applicable under the Placement and to receive one New Option for every two New Shares issued under the SPP (**SPP Offer**).

The SPP Offer gives Eligible Shareholders the opportunity to subscribe for up to \$20,000 worth of new fully paid ordinary shares in the Company (**New Shares**) at an issue price of \$0.005 per New Share, in parcel sizes of \$5,000, \$10,000, \$15,000 or \$20,000, subject to the Company's allocation policy, without incurring any brokerage or transaction costs. In addition, the SPP Offer includes the issue to the subscribers of one New Option for every two New Shares subscribed and issued under the SPP Offer.

The SPP Offer has a target raise of \$1 million (**Target Raise**).

If the Company raises less than the \$1 million Target Raise under the SPP Offer, any New Shares (and accompanying Options) not subscribed for under the SPP Offer will form the Shortfall. Eligible Shareholders and other investors may subscribe for New Shares at an issue price of \$0.005 per New Share (and will be issued New Options in the same ratio as under the SPP Offer for all New Shares issued under any Shortfall) under the Shortfall Offer.

The Offers are not underwritten.

The Company is proposing to use the funds raised under the Offers for

- *product development*
- *sales, platform integration, marketing and business development*
- *general administration and capex*
- *costs of the capital raising.*

A copy this Prospectus has been lodged with ASIC and the ASX and can be accessed on the ASX website or via the Company's website: www.adherium.com.

On behalf of the Board, I thank you for your continued support of the Company and invite you to consider participating in the Offers.

Yours sincerely



Lou Panaccio
Chairman
Adherium Limited

1. OFFER OVERVIEW

1.1 Overview of the Offers

This Section is not intended to provide full information for investors intending to apply for New Shares and New Options offered pursuant to this Prospectus. This Prospectus and all of its Sections should be read and considered in their entirety.

Question	Response	Where to find more information
What is the SPP Offer?	An offer of New Shares under a share purchase plan plus at no additional cost New Options.	Section 2.1
What are the terms of the SPP Offer?	Eligible Shareholders may subscribe for up to \$20,000 worth of New Shares (in parcel sizes of \$5,000, \$10,000, \$15,000 or \$20,000), at an issue price of \$0.005 per Share, which includes the issue to subscribers of 1 New Option for every 2 New Shares subscribed and issued under the SPP Offer.	Section 2.1
Can I sell or transfer my entitlements?	No, the SPP Offer is non-renounceable and accordingly, you cannot offer to sell or transfer any of your entitlement on ASX or via an off-market transfer.	Section 2.7
Am I an Eligible Shareholder?	The SPP Offer is only made to Eligible Shareholders only. Eligible Shareholders are those Shareholders who are the registered holder of Shares as at 7.00 pm AEDT on 16 November 2022 with a registered address in Australia or New Zealand at that time.	Section 2.3
How will the New Shares be allocated?	The Company aims to raise up to approximately \$1 million under this Prospectus (being the Target Raise). The Company reserves the right to scale back or refuse applications under the Offers, at its absolute discretion. Any determination by the Board will be final.	Sections 2.8 and 2.9
Is there a minimum or maximum subscription amount?	There is no minimum aggregate subscription amount across the Offers, but there is a minimum parcel size for each Eligible Shareholder or other investor, accepting either the SPP Offer or Shortfall Offer, of \$5,000 per Offer. The maximum subscription amount which may be received by the Company under this Prospectus (including any Shortfall Offer) is in aggregate \$1 million.	Section 2.4
What is the Shortfall Offer?	Where the Company raises less than the \$1 million Target Raise under the SPP Offer, the Company will proceed with the allotment of New Shares and Options	Sections 2.2 and 2.6

Question	Response	Where to find more information
	<p>to applicants under the SPP Offer. Any New Shares (and accompanying Options) not issued under the SPP Offer will form the Shortfall Offer.</p> <p>The Company may offer New Shares (including New Options in the same ratio as under the SPP Offer) under the Shortfall Offer to any applicants in its discretion, provided the applicants sign the Shortfall Offer Application Form accompanying this Prospectus.</p> <p>The issue price under the Shortfall Offer is \$0.005 per New Share (and accompanying Option), being the same issue price as under the SPP Offer.</p> <p>There is no maximum limit on the number of New Shares that an Eligible Shareholder or other investor may apply for under the Shortfall Offer, however, there is a minimum application amount per applicant of \$5,000 and all applicants will be limited, in aggregate, by and to the extent that there is any Shortfall.</p>	
Are the Offers underwritten?	No, the Offers are not underwritten.	Section 2.11
How do the New Shares rank in comparison to existing Shares?	All New Shares issued under the Offers will rank equally in all respects with existing Shares from the date of their issue. The New Options will be unquoted and not tradeable on any exchange.	Sections 2.16 and 5.1
Do I have to participate?	No. Participation in the SPP Offer is entirely voluntary. If you do not wish to participate in the SPP Offer, do nothing.	Section 4.1
What will be the effect of the Offers on control?	The effect of the Offers on the control of the Company will vary with the level of New Shares taken up by Eligible Shareholders under the Offers and the level of any of the Shortfall Offer taken up by other investors who are not accepting Eligible Shareholders. The Board will not allocate any New Shares such that such an allocation would result in a Shareholder having an interest in the Company in excess of 19.9% on completion of the Offers.	Section 3.2
How do I apply for New Shares under the SPP Offer?	Eligible Shareholders can apply for New Shares (and accompanying Options) under the SPP Offer by making payment via BPAY® either online or by phone with your bank using the payment details included on your SPP Application Form (in which case the Application Form does not need to be returned). If New Zealand	Section 4.2(a)

Question	Response	Where to find more information
	Shareholders are unable to pay via BPAY®, they must complete and return their SPP Application Form together with a cheque in payment of the Application Monies (or by EFT in accordance with clause 4.2).	
How do I apply for New Shares under the Shortfall Offer?	Eligible Shareholders or investors who wish to apply for New Shares (and accompanying Options) under the Shortfall Offer, should complete the relevant sections of the Shortfall Offer Application Form accompanying this Prospectus and send it to the Share Registry together with payment by cheque (or in the case of New Zealand residents, EFT as an alternative in accordance with clause 4.2) in the amount applied for.	Section 4.2(b)
How can I obtain further information	Contact Mr Rob Turnbull (Joint Company Secretary) by email at any time on investors@adherium.com until the Closing Date. For advice, actively consult your broker, accountant or other professional adviser.	
Risk Factors	<p>There are many risks associated with an investment in the Company, including relating to the Company's business, regulatory environment and financial requirements generally.</p> <p>Refer to Section 6 for a detailed description of some of these Risk Factors.</p>	Section 6

2. DETAILS OF THE OFFERS

2.1 SPP Offer

The share purchase plan offer (**SPP Offer**) is an offer to each Eligible Shareholder to apply for up to \$20,000 worth of fully paid ordinary shares in the Company at an issue price of A\$0.005 per New Share (being up to 4,000,000 New Shares per Eligible Shareholder), to raise up to a total of \$1 million (before costs) (**Target Raise**). Applications can only be made in parcel sizes of \$5,000, \$10,000, \$15,000 or \$20,000.

Eligible Shareholders may apply for New Shares under the SPP Offer, but are not required to do so. Eligible Shareholders may also apply for New Shares (in excess of their SPP Offer entitlement) under the Shortfall Offer (see section 2.2 below), but again are not required to do so.

In certain circumstances, a listed company may undertake a SPP in accordance with *ASIC Corporations (Share and Interest Purchase Plan) Instrument 2019/547 (Class Order)*. The Class Order allows a company to conduct a SPP without the use of a prospectus. However, due to the fact that this SPP Offer includes both New Shares and New Options, the Company is unable to rely on the disclosure relief granted by the Class Order and therefore it is undertaking the SPP Offer under this transaction specific prospectus pursuant to section 713 of the Corporations Act.

To ensure that the Company had capacity to issue the New Shares under the ASX Listing Rules, the Company obtained shareholder approval for the Offers under this Prospectus at its general shareholder meeting held on 21 October 2022.

The Directors reserve the right to issue New Shares (and accompanying Options) under the SPP Offer and Shortfall Offer at their absolute discretion and may issue to an applicant a scaled back, lesser number of, or no New Shares (and accompanying Options) than the number for which the applicant applies pursuant to their Application Form(s). If the number of New Shares (and accompanying Options) issued under the SPP Offer or Shortfall Offer (as the case may be) is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on Application Monies refunded.

2.2 Shortfall Offer

If the Company raises less than the \$1 million Target Raise under the SPP Offer, the Company will proceed with the allotment to applicants under the SPP Offer and any New Shares (and accompanying Options) not subscribed for under the SPP Offer will form the Shortfall Offer.

The issue price for the New Shares to be issued under the Shortfall Offer will be \$0.005 per New Share, being the same price at which New Shares have been offered under the SPP Offer. There is no maximum limit on the number of New Shares that an investor may apply for under the Shortfall Offer, however there is a minimum application amount per applicant of \$5,000 and all subscribers under the Shortfall Offer will be limited, in aggregate, by and to the amount of any Shortfall.

An Application for New Shares (and accompanying Options) under the Shortfall Offer, accompanied by payment of Application Monies, does not guarantee the allotment of New Shares (or accompanying Options) under the Shortfall Offer. New Shares and Options in respect to Applications for any Shortfall (accompanied by payment of Application Monies) received will be issued after the issue of the SPP Offer New Shares on a date to be determined by the Directors, but no later than 21 January 2023, subject to the Directors accepting an Application for Shortfall (including any determinations in respect to scale back).

New Shares (and accompanying Options) under the Shortfall Offer will not be offered or issued to any Applicant if, in the view of the Directors, to do so would increase the Applicant's Voting Power in the Company above 19.9% or otherwise result in a breach of the Listing Rules, the Corporations Act or other applicable law.

2.3 Eligible Shareholders under the SPP Offer

Eligible Shareholders under the SPP Offer are those holders of Shares who:

- are registered as a holder of Shares as at the Record Date; and
- have an address on the Company's share register in Australia or New Zealand.

Shareholders who do not satisfy each of the above-mentioned criteria are Ineligible Foreign Shareholders. The Company, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Shareholder. The Company disclaims all liability to the maximum extent permitted by law in respect of any determination as to whether a Shareholder is an Eligible Shareholder or an Ineligible Foreign Shareholder.

2.4 Size of the Offers

As at the date of this Prospectus, the Company has on issue 4,775,195,536 Shares, 1,393,446,026 options and 122,374,241 stock appreciation rights.

Up to 200,000,000 New Shares will be offered under the Offers to raise up to approximately \$1 million before the expenses of the Offers are taken into account. There is no minimum aggregate amount of capital that must be subscribed under the Offers before the New Shares and New Options are issued - however in respect of the Offers there is an individual minimum parcel size for applications and a maximum parcel size under the SPP Offer.

In addition, a maximum of approximately 100,000,000 further Shares would be issued upon the exercise of all New Options and payment of the applicable exercise price amounts (assuming all 200,000,000 New Shares are issued). Further, the Company is seeking shareholder approval at its 2022 AGM (scheduled to take place on 30 November 2022) to issue a further 152,500,000 Placement Shares and 76,250,000 options to a specific shareholder.

2.5 Use of Funds

The Offers, if fully subscribed, will result in an increase in cash in hand of the Company of up to approximately \$1 million (before the payment of costs associated with the Offers and excluding cash from the exercise of any New Options). No funds will be raised by the issue of the New Options.

If the Company raises approximately \$1 million from the Offers, it is currently proposed that the Company will use those funds, together with the \$13.5m funds raised pursuant to the Placements (of which \$763,000 is the subject of shareholder approval at the 2022 AGM Meeting), as follows:

Description	A\$
Product Development	\$4,600,000
Sales, Platform Integration, Marketing, Business Development	\$7,000,000
General Administration / Other (net of product margin)	\$1,400,000
Capex	\$800,000
Capital raising costs	\$700,000
Maximum funds raised under the Offers	\$14,500,000

** The Company reserves the right to pay cash commission to AFSL Holders or authorised representatives of AFSL Holders who introduce participants to take up any or all of the Shortfall. Any such commission costs have not been taken into account in the use of funds above.*

2.6 Opening and Closing Date for SPP Offer

The SPP Offer will open for receipt of acceptances on 21 November 2022. The Closing Date for Applications to be made under the SPP Offer is 5.00 pm (AEDT) on 5 December 2022. Applications for the Shortfall Offer will open after announcement by the Company of the Shortfall (if any) and must be made by 5.00 pm (AEDT) on 21 January 2023.

The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the last date for receipt of Applications Forms (or applicable payment), or to delay or withdraw the Offers at any time without prior notice. Where the Offers are withdrawn, all Application Monies will be refunded (without interest) as soon as practicable by cheque to your registered address as noted on the Company's Share Register.

Any extension of the Closing Date will have a consequential effect on the issue date of New Shares and New Options.

2.7 No transfer of entitlements under the SPP Offer

The SPP Offer is non-renounceable and therefore Eligible Shareholders cannot offer to sell or transfer any of their entitlement to participate in the SPP Offer on ASX or via an off-market transfer (or any other exchange or privately transferred).

If New Shares are issued under the SPP Offer, Eligible Shareholders who do not take up their entitlement under the SPP Offer in full will have their percentage interest in the Company diluted as compared to that percentage as at the date the SPP Offer made.

As described in Section 2.2, any New Shares not taken up by an Eligible Shareholder by the Closing Date will form part of the Shares available under the Shortfall Offer.

2.8 Scale back

The Company intends to raise up to \$1 million under the SPP Offer. If applications for more than the Target Raise are received before the Closing Date, the Company intends to scale back applications at its sole discretion and in the manner it sees fit (subject to any scale

back arrangements not resulting in any Director or an associate of a Director being scaled back on a more favourable basis than any other Eligible Shareholder who is scaled back).

Applications under the SPP Offer will be allocated at the absolute discretion of the Company and the final allocation decision will be at the sole discretion of the Board.

If the scale back produces a fractional number of New Shares when applied to your parcel, the number of New Shares you will be allocated will be rounded down to the nearest whole number of New Shares. If the Company scales back an application, the Company will promptly return to the Shareholder the relevant Application Monies, without interest, following allotment of the New Shares.

2.9 Allotment under SPP Offer

The Company expects that it will allot the New Shares and New Options under the SPP Offer on 12 December 2022. The Company is permitted to allot the New Shares and New Options under the Shortfall Offer for up to 3 months after the shareholder approval of the Offers (which approval was obtained on 21 October 2022).

Pending the issue of the New Shares or payment of refunds pursuant to this Prospectus, all Application Monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Directors reserve the right to reject any application or to allocate any Applicant fewer New Shares and New Options than the number applied for.

Where the number of New Shares / New Options issued is less than the number applied for, or when no issue is made, surplus Application Monies will be refunded without any interest to the Applicant as soon as practicable after the close of the relevant Offer. The Company will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

The Company's decision on the number of New Shares and New Options to be issued to an Applicant will be final.

2.10 No cooling off rights

Cooling off rights do not apply to an investment in New Shares / New Options. You cannot withdraw your Application once it has been received.

2.11 No Underwriting

The Offers are not underwritten.

2.12 ASX Listing

Application for official quotation by ASX of the New Shares offered under this Prospectus will be made within seven days of the date of this Prospectus. If the New Shares are not quoted by ASX within 3 months after the date of this Prospectus, the Company will not issue any New Shares and all Application Monies received will be refunded (without interest) in full to the Applicants.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares. Neither ASX nor any of its officers accepts or takes any responsibility for the contents of this Prospectus.

There is no intention, and no application will be made, for the listing of any of the New Options on any exchange, however the Company intends to seek official quotation of any Shares issued on the exercise of New Options.

It is expected that normal trading on ASX will commence in relation to New Shares issued under the SPP Offer on 12 December 2022.

2.13 Ineligible Foreign Shareholders

The Company has decided that it is unreasonable to make the Offers to any Shareholder with a registered address outside the Exempt Jurisdictions (**Ineligible Foreign Shareholder**), having regard to:

- a) the number of Shareholders with addresses in such other countries as a proportion of total Shareholders in the Company;
- b) the number and value of the New Shares and New Options those Shareholders would be offered under the SPP Offer; and
- c) the cost to the Company of complying with applicable legal and regulatory requirements in such other countries.

This Prospectus does not, and is not intended to, constitute an offer or invitation in the United States, to any US person, to any person acting for the account or benefit of a person in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The New Shares have not been and will not be registered under the US Securities Act or the securities laws of any state or jurisdiction in the United States and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

It is the responsibility of a Shareholder to ensure compliance with any laws of a country relevant to their application. Return of a duly completed Application Form (or making payment with respect to an Offer) will be taken by the Company as a representation that there has been no breach of such laws and that the Applicant is an Eligible Shareholder or is an investor resident of an Exempt Jurisdiction.

2.14 Custodians

Eligible Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how to proceed. The SPP Offer is being made to all Eligible Shareholders. The Company is not required to determine whether or not any Eligible Shareholder is acting as a nominee or the identity or residence of any underlying beneficial owners / holder (**UBH**) of Shares.

The SPP Offer will be available to the UBH of custodians / nominees.

Each custodian or nominee who is applying for SPP Shares and/or Shortfall Shares on behalf of their individual UBH will need to submit a schedule showing the amount of New Shares being applied for in respect of each UBH.

Where an UBH is an existing Eligible Shareholder, each UBH will need to apply for their maximum entitlement under the SPP Offer before applying for Shortfall Shares under the Shortfall Offer. The requirement to fulfil a shareholder's maximum entitlement before applying for Shortfall Shares under the Shortfall Offer will not apply to the registered

custodian / nominee holding – the Company intends to process the applications for Shares under the SPP Offer and Shortfall Offer as per the schedule supplied by the Custodian.

In respect of nominees, trustees or custodians acting on behalf of UBHs, the foreign restrictions under the offer will be applied at the registered address of the Custodian. This will be irrespective of whether the holder is an institutional or sophisticated investor.

2.15 New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand. The SPP Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the provisions of the Financial Markets Conduct Act 2013 (New Zealand) (**FMC Act**), the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand) and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares under the SPP Offer, but may apply for New Shares under the Shortfall Offer.

This Prospectus has been prepared in accordance with Australian law and has not been registered, filed with, or approved by the New Zealand regulatory authority under the FMC Act. This Prospectus is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

To the extent that a person holds Shares on behalf of another person resident outside Australia or New Zealand, it is that person's responsibility to ensure that any acceptance complies with applicable foreign laws. The Company reserves the right to reject any Application that it believes come from a person who is not an Eligible Shareholder.

2.16 Rights and liability attaching to New Shares

The New Shares issued under the Offers will be on a fully paid basis and will rank equally in all respects with existing Shares. Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which may be downloaded from the Company's website at www.adherium.com/investors/#corporategovernance or is available for inspection at the Company's registered office during normal business hours.

You may also contact the Company's Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) to request a copy of the Company's constitution. A summary of the important rights attaching to the New Shares is contained in Section 5.1 of this Prospectus. The terms and conditions of the New Options are described in Annexure A to this Prospectus.

2.17 Brokerage and Stamp Duty Costs

No brokerage or stamp duty is payable by Eligible Shareholders on the issue of New Shares or New Options under this Prospectus.

2.18 Risks

There are a number of risks associated with an investment in New Shares in the Company. A brief overview of some of the key risks is outlined in Section 6.

An investment in the Company carries certain risks that may impact on the future profitability of the Company and the value of the Company's securities. The Offer Securities should be considered speculative. The Directors recommend that potential

investors carefully consider this Prospectus and consult their professional advisors before deciding whether to apply for New Shares pursuant to this Prospectus.

Some of the key risk factors affecting an investment in the Company are discussed in Section 6 of this Prospectus.

3. EFFECT OF THE OFFERS

3.1 Effect of the Offers on the capital structure of the Company

The total number of New Shares to be issued under the Offers will be up to approximately 200,000,000.

The table below sets out, for illustrative purposes only, the existing Share capital structure (before the Offers) together with the impact of the issue of the New Shares under the Offers. It assumes that no existing options are exercised prior to the Record Date and that all New Shares are issued under the Offers.

Securities	Number of Options	Number of Shares
Existing Shares as at date of the Offers*		4,775,195,536
Existing options as at date of the Offers*	1,393,446,026	
Maximum number of New Shares issued under the Offers (approximately) (including any Shares which may be issued under any Shortfall, but excluding any shares to issue upon the exercise of the New Options)		200,000,000
New Options (assuming the maximum number of New Shares are issued under the Offers)	100,000,000	
New Placement Shares (subject to shareholder approval at the 2022 AGM)		152,500,000
New Placement Options (subject to shareholder approval at the 2022 AGM)	76,250,000	
Total issued Shares and Options following completion of the Offers (approximate) (including Shares and New Options which may be issued under any Shortfall)	1,569,696,026	5,127,695,536

* In addition to the existing Shares and Options noted at the date of the Offers, 122,374,241 Stock Appreciation Rights (SARs) are on issue. No changes to the number of SARs on issue is proposed or expected.

The effect of the Offers will be to increase the number of Shares on issue in the Company and increase the cash held by the Company (before taking into account the expenses of the Offer) by up to approximately \$1 million, and together with the issue of the New Placement Shares to be approved at the 2022 AGM, an additional increase of approximately \$1.8 million in cash.

The combined expenses of the Offers and Placements completed and to be approved are expected to be approximately \$700,000. The expenses of the Offers are expected to be approximately \$100,000.

3.2 Potential effect on control of the Company

The potential effect the Offers (including those New Shares which may be issued to take up a Shortfall) will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including Eligible Shareholder and investor demand.

The potential effect of the Offers (including those New Shares which may be issued under the Shortfall Offer) on the control of the Company includes:

- a) If some Eligible Shareholders do not take up the SPP Offer, then the interests of those Eligible Shareholders will be diluted more than the interests of those Eligible Shareholders who do take up the SPP Offer;
- b) The proportional interests of Ineligible Foreign Shareholders may be diluted because those Ineligible Foreign Shareholders are not entitled to participate in the SPP Offer, depending upon whether they can and do subscribe and are issued any Shortfall Offer Shares.
- c) Shareholders that apply for Shortfall Shares under the Shortfall Offer may increase their interests more than Shareholders who do not do so. This may result in the dilution of holdings of those who did not accept the SPP Offer in full and did not apply for Shortfall Shares.

3.3 Market Price of Shares

The highest and lowest closing market prices of the Shares on ASX during the 3 months of trading preceding the Record Date and the respective dates of those sales, are:

Highest: \$0.010 on 26 August 2022
Lowest: \$0.004 on 15 November 2022

The volume weighted average sale price on ASX of the Shares during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC (**VWAP**) is \$0.0054.

The Offer Price represents a premium of:

- 25.0% to the Company's closing price on 15 November 2022 of \$0.004;
- 19.0% to the Company's 10 day VWAP of \$0.0042; and
- 16.3% to the Company's 30 day VWAP of \$0.0043.

4. ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS AND INVESTORS

4.1 What Eligible Shareholders may do

As an Eligible Shareholder you may:

- take up all or part of your SPP Offer (refer to Section 4.2(a) below);
- take up all of your SPP Offer and apply for Shortfall Shares under the Shortfall Offer (refer to Section 4.2(b) below); or
- choose not to participate in the SPP Offer and Shortfall Offer, in which case you may do nothing.

Eligible Shareholders who do not wish to accept the SPP Offer are not obliged to do anything. The number of Shares you currently hold and your rights attaching to those Shares (such as voting rights) will not be affected should you choose not to accept any part of your SPP Offer. If you do not participate in the SPP Offer your percentage holding in the Company may be reduced.

The Company is not required to determine whether or not any registered shareholder is acting as a nominee or the identity or residence of any beneficial owners of securities. Eligible Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how they should proceed.

Ineligible Foreign Shareholders may not take any of the steps set out in Section 4.2(a), but may be able to apply for New Shares and New Options under the Shortfall Offer.

4.2 How to apply

(a) SPP Offer

If you wish to subscribe for New Shares under the SPP Offer, please pay your Application Monies in accordance with the instructions below and in the personalised SPP Application Form.

Pursuant to the SPP Offer, Eligible Shareholders may apply for a maximum of \$20,000 worth of New Shares. Eligible Shareholders may participate by selecting one of the following subscription parcel amounts (**SPP Application Amount**) to purchase New Shares under the SPP Offer:

Parcel	SPP Application Amount	Number of New Shares	Number of New Options
A	\$5,000	1,000,000	500,000
B	\$10,000	2,000,000	1,000,000
C	\$15,000	3,000,000	1,500,000
D	\$20,000	4,000,000	2,000,000

The above table details the number of New Shares that would be issued for different SPP Application Amounts (assuming there is no scale back of applications). Where the amount of subscription monies accepted by the Company from an Applicant results in a fraction

of a New Share to be issued (such as where the Company scales back any Applications), the number of New Shares issued will be rounded down to the nearest whole number.

Any Application Monies received for more than an Applicant's final allocation of New Shares (only where the aggregate amount is A\$1.00 or greater) will be refunded, without interest. The Issue Price for each New Share accepted under your SPP Offer is payable on application.

You may take up all or part of your SPP Offer:

- for ADR shareholders resident in Australia, by
 - making payment by BPAY® corresponding to the component (part or all) of your SPP Offer you wish to accept (in which case the SPP Application Form does not need to be returned), or
 - by completing and returning their SPP Application Form, attaching payment by cheque, bank draft or money order to reach Computershare Investor Services Pty Limited (Share Registry or Computershare) at the below address.
- for ADR shareholders resident in New Zealand, by
 - making payment by BPAY® or,
 - where BPAY® is not available to them, payment by EFT (by making contact with the Company directly at investors@adherium.com for further details should they wish to draw their payment from a New Zealand bank),
 - or by completing and returning their SPP Application Form, attaching payment by cheque, bank draft or money order to reach Computershare Investor Services Pty Limited (**Share Registry** or **Computershare**) at the below address,

by no later than 5:00pm (AEDT) on the Closing Date.

All payments by cheque for the SPP Offer (together with completed SPP Application Form) are to be forwarded to Computershare at the following address:

Adherium Limited
SPP Offer
C/- Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 3001

Payment by BPAY® is to be completed using your identification number specified on your personalised SPP Application Form. If paying via BPAY®:

- Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY® by the date and time mentioned above;
- you must follow the instructions for BPAY® set out in the Application Form;
- you do not need to return the Application Form but are taken to make each of the statements and representations on that form referred to in this Prospectus; and

- if you subscribe for less than a parcel of New Shares as specified in the table above, you are taken to have accepted the SPP Offer in respect of such parcel of New Shares which is covered in full by your Application Monies.

(b) Shortfall Offer

Any Shortfall will form the Shortfall Offer which an Eligible Shareholder or investor may apply for by completing and returning the Shortfall Offer Application Form accompanying this Prospectus, and

- for all Shareholders and investors, attaching payment by cheque, bank draft or money order to reach Computershare Investor Services Pty Limited (Share Registry or Computershare) at the following address:

Adherium Limited
Shortfall Offer
C/- Computershare Investor Services Pty Limited
GPO Box 52
Melbourne VIC 3001

or

- where the shareholder is a New Zealand resident, making payment by EFT by returning their completed Application Form by email to the Company directly at investors@adherium.com and request further banking details from the Company by email to enable that shareholder to draw their payment from a New Zealand bank.

by no later than 5:00pm (AEDT) on 21 January 2023.

All payments under both Offers are to be made in Australian dollars.

When making payment by cheque under either Offer you should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares for which you have applied in your Application Form, you will be taken to have applied for such lower Application Amount as your cleared Application Monies will pay for (and to have specified that number of New Shares on your Application Form), unless this is less than \$5000 in which case your Application will not be accepted.

4.3 Application Form is binding

A completed and returned Application Form (or payment of the Application Monies) constitutes a binding offer to acquire New Shares and associated New Options on the terms and conditions set out in this Prospectus and, once provided to the Company, cannot be withdrawn.

If the Application Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Application Form is final.

4.4 Representations you will be taken to have made by accepting an Offer

By completing and returning your Application Form (with payment) or in the case of the SPP Offer by making a payment of the Application Monies, you will be deemed to have:

- a) fully read and understood this Prospectus and the Application Form in their entirety;
- b) agreed to be bound by the terms of the Offer, the provisions of this Prospectus and the Company's Constitution;
- c) declared that you are over 18 years of age and have the legal capacity and power to perform all your rights and obligations under the Offer and Application Form;
- d) authorised the Company to register you as the holder of the New Shares and New Options;
- e) acknowledged that once the Company receives your Application Form or any payment of Application Monies, you may not withdraw your application or funds provided except as allowed by law;
- f) if making an Application under the SPP Offer, confirmed that you have a registered address in Australia or New Zealand, and that you are the registered holder of Shares, as at the Record Date;
- g) if making an Application under the Shortfall Offer, confirmed that you are an Eligible Shareholder or a resident of an Exempt Jurisdiction;
- h) agreed to apply for and be issued up to the number of New Shares and New Options specified in the Application Form, or for which you have submitted payment of any Application Monies, at the Issue Price per New Share;
- i) authorised the Company, the Share Registry and their respective officers, employees or agents to carry out on your behalf all necessary actions for the New Shares and New Options to be issued to you;
- j) understood and acknowledged that the information contained in this Prospectus and Application Form is not investment advice nor a recommendation that the New Shares or New Options are suitable for you given your investment objectives, financial situation or circumstances;
- k) acknowledged that investment in the Company is subject to the risk factors outlined in Section 6 of this Prospectus;
- l) acknowledged that the Company or its related bodies corporate, affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers do not guarantee the performance of the Company or the Share price, nor do they guarantee the repayment of capital;
- m) authorised the Company to correct any errors in your Application Form or any other document provided to you;
- n) agreed to provide any requested substantiation of your eligibility to participate in the Offers if and, if making an Application under the SPP Offer, your holding of Shares on the Record Date; and
- o) represented and warranted that:
 - i. you are not in the United States and are not acting for the account or benefit of a person in the United States;
 - ii. the New Shares or New Options have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States and accordingly, the New Shares and New Options may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws; and

- iii. you have not and will not send any materials relating to the Offer to any person in the United States or a person acting for the account or benefit of a person in the United States.

4.5 Privacy Act

If you complete an Application Form for New Shares (or make payment of Application Monies), you will be providing personal information to the Company (directly or by the Company's Share Registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed for purposes related to Shareholders' investments to the Company's agents and service providers, such as

- a) to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's Share Registry.
- b) the Share Registry for ongoing administration of the shareholder register;
- c) printers and other companies for the purpose of preparation and distribution of statements and for handling mail; and
- d) legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering and advising on the New Shares and or New Options and for associated actions.

The Company complies with its legal obligations under the *Privacy Act 1988 (Cth)*.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its Share Registry if you wish to do so at the relevant contact details set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988 (Cth) (as amended)*, the *Corporations Act* and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application.

4.6 Brokerage

No brokerage is payable by Shareholders who participate in the SPP Offer. No stamp duty is payable for subscribing for New Shares and New Options under the SPP Offer.

4.7 Queries concerning the Offers

If you have any queries concerning the Offers please contact the Company directly at investors@adherium.com. If you have any queries concerning your Entitlement please contact the Company's Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

5. RIGHTS AND LIABILITIES ATTACHING TO THE NEW SHARES

5.1 Rights attaching to the New Shares

The Company is incorporated in Australia and is subject to the Corporations Act. As a company listed on ASX, the Company is also regulated by the Listing Rules.

The rights attaching to ownership of Shares (including New Shares) are described in the Constitution and are regulated by the Corporations Act, Listing Rules and the general law.

The New Shares will rank equally in all respects with, and have the same rights as, existing Shares. Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be downloaded from the Company's website at www.adherium.com/investors/#corporategovernance or inspected, free of charge, at the Company's registered office during normal business hours. In applying for New Shares and New Options, the Applicant agrees that the New Shares and New Options to be issued under the Offers and the New Shares to be issued upon the exercise of New Options are bound by the terms of the Constitution.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

General Meetings and Notice

Each Shareholder is entitled to receive notice of all general meetings of the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- » each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- » on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder entitled to vote has one vote; and
- » on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder entitled to vote shall, in respect of each fully paid Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for every fully paid Share, but in respect of partly paid Shares shall have a fraction of a vote equal to the proportion that the amount paid bears to the issue price of the Shares.

Dividend Rights

While there is no guarantee of any dividends or distributions by the Company, the Directors may from time to time declare dividends in compliance with the Corporations Act. Subject to the rights of persons entitled to Shares with special rights as to dividends (at present there are none), all dividends are paid in the proportion that the amounts paid on those Shares bear to the issue price of the Shares.

Winding Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

Transfer of Shares

Shares in the Company are freely transferable, subject to formal requirements, and so long as the registration of the transfer does not result in a contravention of or failure to observe the provisions of a law of Australia and the transfer is not in breach of the Corporations Act or the Listing Rules.

Variation of Rights

The Company may, subject to the Corporations Act and with the sanction of a special resolution passed at a meeting of Shareholders, or with the written consent of the majority of Shareholders in the affected class, vary or abrogate the rights attaching to Shares.

5.2 Terms and Conditions of the New Options

The terms and conditions of the New Options are described in Annexure A to this Prospectus. Please note that the New Options are not quoted and there is no intention to seek quotation of the New Options on any stock exchange.

6. RISKS

Shareholders should consider the investment in the context of their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Shareholder should consult their own stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to invest in the New Shares / New Options.

An investment in New Shares and New Options should be regarded as very speculative and involves many risks. A further risk with the Offers is that the exercise price of the New Options may be more or less than the market price of the Shares at times during the period the New Options may be exercised. If the exercise price is more than the market price, that will reduce the value of the New Options. If the exercise price is less than the market price, that will increase the value of the New Options.

If any of the following risks actually occurs, the Company's business, prospects, financial condition and results of operations could be materially and adversely affected, the trading price of the Shares could decline and you could lose all or part of your investment.

This section identifies some of the major risks associated with an investment in the Company. There may be other risks which the Directors and/or management of the Company are unaware which may impact upon the Company, its operations and/or the value and performance of the New Shares and the Company generally. Intending Applicants should, before any decision is made to subscribe for shares, read the Company's prior continuous disclosure announcements to the ASX market in order to fully appreciate the risks particular to an investment in a medical technology company such as Adherium Limited and in particular the risks faced by the Company in the continued development and proposed commercialisation of its Hailie® respiratory medication monitoring technology.

6.1 Risks associated with the Company

a) Business risks

Eligible Shareholders should consider the various risks and difficulties frequently encountered by companies early in their commercialisation, particularly companies that develop and sell medical devices. These risks include Adherium's ability to: (a) implement and execute its business strategy; (b) expand its sales team and marketing programs; (c) increase awareness of its brand and products, and build adoption by healthcare participants; (d) manage expanding operations; and (e) respond effectively to competitive pressures and developments.

b) Regulatory risks

Adherium's services and products are subject to various laws and regulations including but not limited to product and quality compliance. Although Adherium has obtained US FDA and other clearances for a number of its products, there is no guarantee that compliance for future products will be achieved to support the Company's commercialisation plans. Regular reviews by regulatory bodies are also a feature of the medical device industry Adherium operates in, and if non-compliance is identified Adherium may be subject to warning letters, penalties, restriction or suspension of activities or product recall. Changes in laws and regulations (including interpretation and enforcement) could also adversely affect the Company's ability to market, distribute and sell its products and services. It is not possible to predict the likelihood, nature or extent of changes in government regulation that may arise.

c) Failure to retain existing customers and attract new customers

The Company's success depends on its ability to continue to retain its current customer base, grow the service requirements of those existing customers and attract new customers. This depends to a large extent on adoption of Adherium's product offering by patients, physicians, disease management organisations, hospitals and payers. Failure to retain existing customers or attract new customers would materially impact the Company's ability to generate revenue which will have an adverse effect on the Company's operating and financial performance.

d) Reliance on key personnel

The Company employs, or engages as consultants, a small management and development team. The loss of key personnel could cause a material disruption and adversely affect the Company including the achievement of its product and software development and commercialisation.

e) Competitive risk

The medical device industry is highly competitive and subject to rapid technology change. The industry includes companies with significantly greater financial, technical, human, research and development, and marketing resources than Adherium. Competitors may commercialise products that compete directly or indirectly with Adherium's products. If competitors develop products or technologies that are more effective, Adherium's current or future products may become obsolete or uncompetitive.

f) Sufficiency of funding

Adherium is currently not profitable and does not expect to become profitable until after achieving successful commercialisation of its products to allow sufficient sales revenue to fund on-going company operations. Adherium may need to finance its future cash needs through equity offerings, debt financing or corporate collaboration. There is no assurance that additional funding would be available in the future or would be secured on acceptable terms.

g) Product liability risk

As with all medical device products, despite regulatory approvals, there is no assurance that unforeseen adverse events or manufacturing defects will not arise. Adherium may be exposed to the risk of product liability claims, which are inherent in the design, manufacturing, marketing, and use of medical devices. While Adherium holds a level of product liability insurance, that insurance may not sufficiently cover the claims of a product liability suit. Product liability claims may damage Adherium's reputation and may destroy or substantially diminish Adherium's business. Defending a suit, regardless of its merits, could be costly and could divert management attention from core business activities.

h) Disruption of business operations

The Company and its customers are exposed to a large range of operational risks relating to both current and future operations. Such operational risks include occupational health & safety and natural disasters. A disruption in the Company's operations or those of its customers may have an adverse impact on the Company's growth prospects, operating results and financial performance.

i) General risks

There are risks associated with any share market investment. These include market fluctuation, liquidity, general economic conditions, and taxation amongst others. Other risks include those normally found in conducting business, including litigation resulting from breach of agreements or in relation to employees or any other cause. These could adversely affect Adherium's operations or the value of its shares.

6.2 Concluding Comment

The above list of risk factors ought not to be taken as an exhaustive one of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares and New options offered under this Prospectus.

Investment in the Company must be regarded as highly speculative and neither the Company nor any of its Directors or any other party associated with the preparation of this Prospectus guarantee that any specific objectives of the Company will be achieved or that any particular performance of the Company or of the New Shares and New Options, including those offered by this Prospectus, will be achieved.

7. ADDITIONAL INFORMATION**7.1 Nature of the Prospectus**

This Prospectus is a transaction specific prospectus issued under section 713 of the Corporations Act which allows the issue of a transaction specific prospectus in relation to offers of securities (or options to acquire such securities) where those securities are of a class which have been quoted for 12 months before the date of that prospectus.

7.2 Indemnification of Directors

To the extent permitted by law, the Company indemnifies every person who is or has been a Director or officer of the Company against reasonable legal costs incurred in defending

an action for a liability incurred or allegedly incurred by the person as an officer of the Company.

7.3 Taxation

The acquisition of Offer Securities and disposal of Offer Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to take independent financial advice about the consequences of acquiring Offer Securities from a taxation viewpoint and generally.

The Directors consider that it is not appropriate to give advice regarding the taxation consequences associated with subsequent disposal of any Offer Securities subscribed for under this Prospectus as it is not possible to provide a comprehensive summary of the possible taxation positions of potential investors or Shareholders. The Directors recommend that all Eligible Shareholders and investors consult their own professional tax advisers.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for New Shares under this Prospectus.

7.4 Continuous Disclosure and Documents Available for Inspection

This Prospectus is issued pursuant to section 713 of the Corporations Act.

Section 713 of the Corporations Act enables companies to issue transaction specific prospectuses where those companies are, and have been for a period of 12 months, disclosing entities.

The Company is a "disclosing entity" for the purposes of section 713 of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations which requires it to disclose to ASX any information of which it is, or becomes, aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of securities of the Company.

Eligible Shareholders or investors intending to participate in an Offer should refer to the announcements made by the Company to the ASX. This information is available from the ASX website, www.asx.com.au (ASX Code: ADR), and the Company's website, www.adherium.com.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

Additionally, the Company is also required to prepare and lodge with ASX yearly and half yearly financial statements accompanied by a directors' statement and report and an audit review or report. These reports are released to ASX and published on the Company's and ASX's websites.

The Company will provide a copy of each of the following documents, free of charge, to any person who asks for it prior to the Closing Date:

- a) the Annual Report for the financial year ended on 30 June 2022, being the annual financial report most recently lodged with ASIC by the Company; and
- b) any continuous disclosure notices given by the Company after the lodgement of the Annual Report referred to in paragraph a) above and before the lodgement of this Prospectus with ASIC. Such notices are listed below under the heading "ASX Releases" in Section 7.6.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

7.5 Details of Substantial Shareholders

A listing of the substantial holding notices provided to the Company and released to the ASX by each noted shareholder of their relevant interest to 15 November 2022 is set out below:

Shareholder	Notification Date	No of Shares
Bank of America Corporation and its related bodies corporate	07/11/2022	247,445,768
Phillip Asset Management Limited <BioScience Managers Translation Fund 1 A/C>	03/11/2022	1,106,007,400
Trudell Medical Ltd	03/11/2022	950,580,272
UBS Group AG and its related bodies corporate	02/11/2022	410,416,431
Regal Funds Management Pty Ltd and its associates	28/09/2022	234,359,947
FIL Limited	10/05/2021	211,645,356
I.G. Investment Management, Ltd and associates	01/09/2015	9,535,000
AstraZeneca PLC and its related bodies	26/08/2015	8,079,720

7.6 ASX Releases

ASX releases of the Company since the date of lodgement of the Company's latest annual report and prior to the date of lodgement of this Prospectus are listed below:

Date	ASX Announcement title
16 November 2022	Update - Proposed issue of securities - ADR
16 November 2022	Update - Proposed issue of securities - ADR
11 November 2022	Adherium Exhibiting at ACAAI 2022
7 November 2022	Becoming a substantial holder
4 November 2022	Change of Director's Interest Notice (L Panaccio)
4 November 2022	Change of Director's Interest Notice (G Baran)
3 November 2022	Change in substantial holding
3 November 2022	Change in substantial holding
2 November 2022	Disclosure of Long Equity Derivative Positions
2 November 2022	Change in substantial holding
1 November 2022	Notice of Annual General Meeting/Proxy Form
31 October 2022	Becoming a substantial holder
28 October 2022	Cleansing notice under s708A of the Corporations Act
28 October 2022	Notification regarding unquoted securities

28 October 2022	Ceasing to be a substantial holder
28 October 2022	Notification of cessation of securities
28 October 2022	Application for quotation of securities
28 October 2022	Quarterly Activities/Appendix 4C Cash Flow Report
21 October 2022	Results of Meeting
21 October 2022	CEO Presentation to EGM
13 October 2022	ADR to present at Australian Microcap Investment Conference
5 October 2022	Notice Required under ASX Listing Rule 3.13.1
5 October 2022	Notification of cessation of securities
3 October 2022	Change in substantial holding
30 September 2022	Change in substantial holding

The Company may make further ASX announcements after the date of this Prospectus. Copies of the abovementioned announcements (as well as any further announcements) will be available on the ASX website, www.asx.com.au under the Company's code "ADR". You are advised to refer to the ASX's website and the Company's website for announcements or updates relating to the Company.

7.7 Information excluded from continuous disclosure notices

As at the date of this Prospectus, there is no information that has not been disclosed under the continuous disclosure requirements of the Listing Rules and which the Board considers would reasonably require in order to assess the Company's assets and liabilities, financial position and prospects and the rights and liabilities attaching to New Shares and New Options in the Company.

7.8 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director has or had within 2 years before the lodgement of this Prospectus with ASIC, any interest in:

- a) the formation or promotion of the Company;
- b) any property acquired or proposed to be acquired by the Company in connection with its promotion or formation or in connection with the offer of New Shares; or
- c) the offer of New Shares, other than as ordinary Shareholders,
- d) and no amounts or benefits have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director:
- e) to induce him or her to become, or to qualify him, as a Director; or
- f) for services rendered by him or her in connection with the promotion or formation of the Company or the offer of New Shares.

None of the Directors will be subscribing for any New Shares under either of the Offers. The current Directors' and their nominees' current shareholdings and interests in Shares and options are as follows:

	Lou Panaccio	George Baran*	Jeremy Curnock Cook	William Hunter	Bruce McHarrie	James Ward-Lilley
Current Number of Shares	20,000,000	950,580,272	2,992,539	3,412,539	3,577,392	3,599,611
Current number of options	10,000,000	274,235,950	Nil	Nil	Nil	10,000,000
Current percentage share holding	0.42%	19.91%	0.06%	0.07%	0.07%	0.08%

*Shares and options are registered to Trudell Medical Limited, in which Mr Baran holds a 33.33% beneficial interest.

The remuneration currently paid (including superannuation and non-cash share-based payments) to Directors or their nominees during the past two financial years preceding the lodgement of this Prospectus with ASIC is set out below:

Director	FY 2021 \$	FY 2022 \$
Lou Panaccio - Non-executive Chairman <i>*Appointed on 25 February 2022</i>	N/A*	27,500
George Baran - Non-executive Director	6,720	50,000
Jeremy Curnock Cook - Non-executive Director	50,000	50,000
William Hunter - Non-executive Director	64,232	51,654
Bruce McHarrie - Non-executive Director	59,494	55,551
James Ward-Lilley - Non-executive Director	187,913	131,108

7.9 Related Party Transactions

There are no related party transactions entered into that have not otherwise been disclosed in this Prospectus.

7.10 Restricted securities

The Company as at the date of this Prospectus does not have any of its issued securities classified as 'restricted securities' (as defined in the Listing Rules), but does have a total of 105,888,971 Shares issued under the Company's employee share plan which are subject to voluntary escrows which expire on the repayment of Employee Share Plan loans.

7.11 Estimated Costs of the Offers

If the Offers are fully subscribed, the expenses of the Offers (exclusive of GST) are estimated to be approximately as follows:

Expenses	\$
Legal (in the preparation of this Prospectus)	40,000
Printing, postage and share registry	35,000
Other	25,000
Total	100,000

7.12 Consents and Interests of Parties

Each of the parties referred to in this Section does not make, or purport to make, any statement in this Prospectus other than as specified in this Section and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name or a statement included in this Prospectus with the consent of that party as specified in this Section.

Computershare Investor Services Pty Limited has given and not withdrawn its written consent to be named herein as the Share Registry to the Company in the form and context in which it is so named. Computershare Investor Services Pty Limited does not make, or purport to make, any statement in this Prospectus and is not aware of any statement in this Prospectus which purports to be based on a statement made by it and makes no representation, expressed or implied, regarding and takes no responsibility for, any statements in or omissions from this Prospectus.

Other than as set out below or elsewhere in this Prospectus, all persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation of or distribution of this Prospectus do not have, and have not had in the 2 years before the date of this Prospectus, any interest in:

- » the formation or promotion of the Company;
- » property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of New Shares and New Options pursuant to this Prospectus; or
- » the offer of New Shares and New Options pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the offer of New Shares or New Options issued pursuant to this Prospectus.

7.13 Electronic Prospectus

A copy of the Prospectus can be downloaded from the website of the Company at www.adherium.com. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company under the SPP Offer, you must be an Australian or New Zealand resident and must only access this Prospectus from within Australia or New Zealand. If you are accessing the electronic version of this Prospectus

for the purpose of making an investment in the Company under the Shortfall Offer, you must be an Eligible Shareholder or a resident of an Exempt Jurisdiction. You may obtain a hard copy of this Prospectus free of charge by contacting the Company Secretary by email at investors@adherium.com. Applications for New Shares must be made pursuant to Section 4.2 above.

7.14 Financial Forecasts

The Directors have considered the applicable laws and do not believe that they have a reasonable basis to forecast future earnings, on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast.

7.15 Directors' authorisation

Each Director of the Company has given, and has not withdrawn, their consent to the lodgement of this Prospectus with ASIC.

8. DIRECTORS' STATEMENT

The Directors have made all reasonable enquiries in the preparation of this Prospectus and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC, or to the Directors knowledge, before any issue of New Shares or New Options pursuant to this Prospectus. This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisors.

Each of the Directors of the Company has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act and has not withdrawn that consent.



Lou Panaccio
Chairman
Adherium Limited

9. DEFINITIONS

In this Prospectus the following terms and abbreviations have the following meanings, unless otherwise stated or unless the context otherwise requires:

\$ or AUD means Australian dollar;

2022 AGM means the general meeting of the Company's shareholders to be held on or about 30 November 2022;

AFSL Holders means a holder of an Australian Financial Services Licence;

Applicant refers to a person who submits an Application Form or who makes payment of Application Monies;

Application refers to the submission of an Application Form or in the case of an Australian resident shareholder under the SPP Offer, making payment of Application Monies;

Application Form means the SPP Application Form or the Shortfall Offer Application Form, as the case may be;

Application Monies means monies payable by Applicants in respect of their Applications;

ASX means ASX Limited ACN 008 624 691 or the Australian Securities Exchange, as the context may require;

ASX Settlement Operating Rules means ASX Settlement Pty Limited's operating rules.

Board means the board of Directors;

Business Day has the meaning ascribed to it in the Listing Rules.

CHESS means Clearing House Electronic Subregister System.

Closing Date means the closing date of the SPP Offer being 5.00 pm AEDT on 5.00 pm 5 December 2022 (subject to the right of the Company to vary the date without notice);

Company or **Adherium** means Adherium Limited ACN 605 352 510;

Constitution means the constitution of the Company;

Corporations Act means Corporations Act 2001 (Cth);

Directors means the directors of the Company;

Eligible Shareholder means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date whose registered address is in Australia or New Zealand;

Exempt Jurisdiction means (a) in respect of the SPP Offer Australia and New Zealand; and (b) in respect of the Shortfall Offer a jurisdiction where the Shortfall Offer can be made by the Company and the Company is exempt from all disclosure obligations pertaining to the Shortfall Offer in that jurisdiction;

FMC Act means *Financial Markets Conduct Act 2013 (New Zealand)*;

Ineligible Foreign Shareholder has the meaning as provided in Section 2.13;

Issue Price means \$0.005 per New Share;

Listing Rules means the listing rules of the ASX;

Meeting or EGM means the general meeting of the Company's shareholders held on 21 October 2022 at which meeting the Company obtained the Shareholder Approvals;

New Option or **Options** means an unquoted option, subject to the Option Terms, to purchase a Share with an exercise price of \$0.01 and an Expiry Date of 31 March 2024;

New Shares means the Shares proposed to be issued pursuant to the Offers;

Offers means the SPP Offer and the Shortfall Offer, and **Offer** means either the SPP Offer or the Shortfall Offer, as the case may be;

Offer Securities means collectively the New Shares and the New Options under this Prospectus;

Opening Date means the opening date of the SPP Offer being 21 November 2022 (subject to the right of the Company to vary the date without notice);

Option Terms means the terms applicable to the New Options, a copy of which terms is attached as Annexure A to this Prospectus;

Placement Shares means Shares issued or agreed to be issued by the Company, as announced on the ASX on 16 September 2022;

Record Date means 7.00 pm AEDT on 16 November 2022;

Related Bodies Corporate has the meaning as provided in the Corporations Act 2001;

Relevant Interest has the same meaning as provided in the Corporations Act;

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

Shareholder means a holder of Shares

Shareholder Approvals means the approvals by the Shareholders at the Meeting of the proposed issue of up to an aggregate of 200,000,000 New Shares and up to 100,000,000 New Options to shareholders pursuant to the terms of the SPP Offer;

Share Registry means Computershare Investor Services Pty Limited;

Shortfall means the aggregate amount by which the Eligible Shareholders do not subscribe for New Shares up to the amount of the Target Raise under the SPP Offer;

Shortfall Offer Application Form means the application form to make an application under the Shortfall Offer accompanying this Prospectus;

Shortfall Offer means the offer to place any Shortfall under this Prospectus at a price not less than the Issue Price of \$0.005 per New Share;

SPP Application Form means the application form to make an application under the SPP Offer accompanying this Prospectus;

SPP Offer means the offer to each Eligible Shareholder of up to \$20,000 worth of New Shares at the Issue Price together with 1 New Option for every 2 New Shares issued;

Target Raise means the aggregate maximum amount of \$1 million to be raised under the Offers;

US Person means a person with a registered address in or normally resident in the United States;

Voting Power has the meaning given to that term in the Corporations Act.

Please note that references in this Prospectus to "Sections" are to sections of this Prospectus.

10. CORPORATE DIRECTORY

Directors

Mr Lou Panaccio	Non-Executive Chairman
Mr George Baran	Non-Executive Director
Mr Jeremy Curnock Cook	Non-Executive Director
Dr William Hunter	Non-Executive Director
Mr Bruce McHarrie	Non-Executive Director
Mr James Ward-Lilley	Non-Executive Director

Joint company secretaries

Mr Mark Licciardo
Mr Rob Turnbull

Registered office

Collins Square, Tower 4,
Level 18, 727 Collins Street,
Melbourne VIC 3000
Australia

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street,
Abbotsford VIC 3067
Australia

Telephone: +61 3 9415 4000

Annexure A - Option Terms and Conditions

Each option (**Option**) entitles the holder (**Option Holder**) to subscribe for and be issued one fully paid ordinary share (**Share**) in **Adherium Limited** ABN 24 605 352 510 (**Company**) on the following terms:

1. Subject to clause 2 and any restrictions imposed by the ASX Limited (**ASX**), each Option is exercisable at any time after the date it is issued (**Issue Date**), until and including their expiry date, namely 5pm on 31 March 2024 (**Expiry Date**). Any Options not exercised by the Expiry Date will automatically lapse at 5pm on the Expiry Date.
2. The Options may be exercised for part or all of the Options held at a particular time by the Option Holder giving written notice in the form set out below (**Notice of Exercise**) to the Company at its registered office prior to the Expiry Date together with payment in full of the exercise price of \$0.01 per Option (**Exercise Price**), provided that each Notice of Exercise must be for the exercise of a minimum of 100,000 Options or if less, the Option Holder's remaining Options holding. Shares to issue upon the exercise of Options shall issue on the second trading day in the calendar month following the calendar month during which the Notice of Exercise and payment of the applicable Exercise Price are received by the Company.
3. On receipt by the Company of the Notice of Exercise and payment of the Exercise Price, the Company must, within 4 Business Days and if the Shares are listed on the ASX within the time period prescribed by the Listing Rules of the ASX (**ASX Listing Rules**):
 - (a) allot to the Option Holder one Share in the Company for each Option exercised by the Option Holder;
 - (b) cause to be despatched to the Option Holder the relevant acknowledgement of issue, a holding statement or share certificate (as applicable) as soon as is reasonably practicable detailing the issue of the relevant Share/s; and
 - (c) issue (if applicable) a new holding statement (or option certificate) for the balance of the Options that remain unexercised.
4. Shares allotted on the exercise of Options will rank equally in all respects with the then existing issued ordinary fully paid shares in the capital of the Company (except in respect to any dividends which shall have been declared but not yet distributed before the actual exercise of an Option) and will be subject to the provisions of the Constitution of the Company.
5. The Options are transferable by an Option Holder on written notice to the Company.
6. If any reorganisation (including consolidation, subdivision, reduction, return or cancellation) of the issued capital of the Company occurs before the expiry of any Options, the number of Options to which each Option Holder is entitled or the Exercise Price of his or her Options or both must be reorganised in accordance with the ASX Listing Rules applying to a reorganisation at the time of the reorganisation (which adjustment formula will apply even where the Company is not admitted to the ASX Official List).
7. An Option does not confer the right to participate in new issues of capital offered to holders of Shares (**Rights Entitlement**) during the currency of the Options without exercising the Options. However, the Company will use reasonable endeavours to see that for the purpose of determining Rights Entitlements to any such issue, the Option Holder is to receive at least 2 Business Days written notice from the Company of the pending closing or record date and sufficient time for the Option Holder to exercise the Options prior to that closing or record date in order to qualify for the participation in the Rights Entitlement.
8. In the event of the liquidation of the Company, all unexercised Options will lapse upon the occurrence of that liquidation.
9. The Options do not provide any entitlement to dividends paid to ordinary shareholders.
10. The Options do not entitle the Option Holder to vote at any meeting of shareholders
11. To the extent (if any) that any of these Option Terms and Conditions are inconsistent with or contrary to the ASX Listing Rules, the ASX Listing Rules provisions will prevail and these Option Terms and Conditions are deemed to incorporate the relevant ASX Listing Rules provisions as an amendment to these terms; and
12. These Option Terms and Conditions are governed by the laws of Victoria. The parties submit to the non-exclusive jurisdiction of the courts of Victoria.

ADR
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

For all enquiries:

If you have queries concerning the Offers please contact the Company directly at investors@adherium.com. If you have any queries concerning your Entitlement please contact the Company's Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia).

Make your payment:



See overleaf for details of the Offer and how to make your payment

Share Purchase Plan Application Form

Your payment must be received by 5.00pm (AEDT) on Monday, 5 December 2022

This is an important document that requires your immediate attention.

It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

By making payment you agree to be bound by the Constitution of Adherium Limited and that the submission of this payment constitutes an irrevocable offer by you to subscribe for Adherium Limited shares on the terms of the Share Purchase Plan (SPP) as described in the Prospectus dated 17 November 2022 to which this Application Form is attached (Offer).

In addition, by making payment you certify that:

- You are not applying for New Shares with an application price of more than \$20,000 under the Offer (including by instructing a Custodian to acquire New Shares on your behalf under the Offer); and
- The total of the application price does not exceed \$20,000 in relation to the New Shares that are the subject of this application.

Step 1: Registration Name & Offer Details

Details of the shareholding and the Offer are shown overleaf.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

Your payment must correspond to one of the options detailed overleaf. You may choose one option only. A minimum of \$5,000 and up to \$20,000 worth of New Shares per Eligible Shareholder (in parcel sizes of \$5,000, \$10,000, \$15,000 or \$20,000) at an issue price of \$0.005 per New Share together with 1 New Option for every 2 New Shares issued under the SPP Offer. Note that the amount chosen may be subject to scale back in accordance with the terms of the SPP.

Adherium Limited may make determinations in any manner it thinks fit, in relation to any difficulties which may arise in connection with the SPP whether generally or in relation to any participant or application.

Any determinations by Adherium Limited will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates. Adherium Limited reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions or to suspend or terminate the SPP at any time. Any such amendment, suspension or termination will be binding on all Eligible Shareholders even where Adherium Limited does not notify you of that event.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the payment slip with BPAY payment.

By Mail: Complete the reverse side of this payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "Adherium Limited" and cross "Not Negotiable". The cheque must be drawn from an Australian bank. Cash is not accepted.

New Zealand shareholders can alternatively contact the Company directly at investors@adherium.com should they wish to draw their payment from a New Zealand bank.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.


Entering your contact details is not compulsory, but will assist us if we need to contact you.

Share Purchase Plan Application Form

X 9999999991

IND

STEP 1 Registration Name & Offer Details

 For your security keep your SRN/
HIN confidential.

Registration Name: MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Entitlement No: 12345678

Offer Details: Record date: **7.00pm (AEDT) on Wednesday, 16 November 2022**

Minimum value available to purchase: **\$5,000**

Maximum value available to purchase: **\$20,000**

STEP 2 Make Your Payment by 5.00pm (AEDT) on Monday, 5 December 2022

To avoid postal delay make your payment via **BPAY** either online or by phone with your bank using the payment details below.

BPAY



Biller Code:
Ref No:

Contact your financial institution to make your payment from your cheque or savings account.

Cheque, bank draft or money order



Make your cheque, bank draft or money order payable to "**Adherium Limited**" and cross "**Not Negotiable**".

Return your payment with the below payment slip to:
Computershare Investor Services Pty Limited
GPO BOX 505 Melbourne Victoria 3001 Australia

BPAY

Neither Computershare Investor Services Pty Limited (CIS) nor Adherium Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time. Eligible Shareholders should use the customer reference number shown on this Application Form when making a BPAY payment.

MAIL

Neither CIS nor Adherium Limited accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuer (the **issuer**), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at www.computershare.com/au/privacy-policies.

Detach here

Purchase Details for Adherium Limited (choose one option)

\$5,000 worth of New Shares OR \$10,000 worth of New Shares OR \$15,000 worth of New Shares OR \$20,000 worth of New Shares



Entitlement No: 12345678

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000



BPAY is the most efficient and secure form of payment. Your BPAY payment details are shown above.

Contact & Cheque Details

Contact Name _____ Daytime Telephone _____

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$

123456789123456789+000000001-3051+14

SHORTFALL OFFER APPLICATION FORM

This Shortfall Offer Application Form is important. If you are in doubt as to how to deal with it, please contact Mr Rob Turnbull (Joint Company Secretary) by email at any time on investors@adherium.com until the Closing Date. For advice, actively consult your broker, accountant or other professional adviser.

You should read the Prospectus dated 17 November 2022 and any relevant supplementary Prospectus (if applicable), carefully before completing this Shortfall Offer Application Form. The Corporations Act prohibits any person from passing on this Shortfall Offer Application Form (whether in paper or electronic form) unless it is attached to or accompanies a complete and unaltered copy of the Prospectus and any relevant supplementary Prospectus (whether in paper or electronic form).

A I/we apply for

Shares (and accompanying Options) in Adherium Limited at \$0.005 per Share or such lesser number of Shares which may be allocated to me/us.

B I/we lodge full Application Money

A\$

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name Given Name(s)

Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D Enter the postal address - include State and Postcode

Unit Street Number Street Name or PO Box/Other information

City/Suburb/Town

State

Postcode

E Enter your contact details

Contact Name

Telephone Number - Business Hours

 ()

F Eligible Shareholders and Investors

If you are an existing Shareholder please enter your HIN or SRN to have any Shortfall Shares allocated to your existing shareholding. Investors can supply a CHES HIN as detailed below.

Holder Identification Number (HIN)

Securityholder Reference Number (SRN)

X **I**

Please note that if you supply a CHES HIN but the name and address details on your form do not correspond exactly with the registration details held at CHES, your application will be deemed to be made without the CHES HIN, and any Shares issued as a result of the Shortfall Offer will be held on the issuer sponsored subregister.

G Payments can be made by cheque (or for New Zealand residents Electronic Funds Transfer (EFT))

Drawer Cheque Number BSB Number Account Number Amount of cheque

A\$

Make your cheque or bank draft payable to 'Adherium Limited' and cross it 'Not Negotiable'.

By submitting this Shortfall Offer Application Form:

- I/we declare that this application is complete and lodged according to the Prospectus, and any relevant supplementary Prospectus, and the declarations/statements on the reverse of this Application Form,
- I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Shortfall Offer Application Form) are complete and accurate, and
- I/we agree to be bound by the Constitution of the Company.

See overleaf for completion guidelines →

How to complete this form

A Shares applied for

Enter the number of Shares you wish to apply for. For every 2 New Shares issued, you will be issued 1 accompanying New Option (exercisable at \$0.01 and an Expiry Date of 31 March 2024).

B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the issue price of \$0.005 per Share.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of shareholding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected.

D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you regarding this application.

F Eligible Shareholders and Investors

If you are an existing Shareholder please enter your HIN or SRN to have any Shortfall Shares allocated to your existing shareholding. Investors can supply a CHES HIN as detailed.

The Company participates in CHES. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Securities allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G Payment

By Cheque:

When paying by cheque, make your cheque, money order or bank draft payable to 'Adherium Limited' in Australian currency and cross it 'Not Negotiable'. Your cheque, money order or bank draft must be drawn on an Australian Bank. Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as dishonoured cheques may not be represented any may result in your Application being rejected. Receipt for payment will not be forwarded. Please return this completed Application Form together with your cheque.

New Zealand resident subscribers can alternatively contact the Company directly at investors@adherium.com should they wish to draw their payment from a New Zealand bank.

Before completing the Application Form the applicant(s) should read the Prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for Shares and accompanying Options in Adherium Limited is upon and subject to the terms of the Prospectus and the Constitution of Adherium Limited, agrees to take any number of Shares and Options that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms and Application Monies must be received by Computershare Investor Services Pty Limited (CIS) by no later than 5.00pm (AEDT) on 21 January 2023, or such earlier date as determined by the Directors of the Company. You should allow sufficient time for this to occur. Return the Application Form with cheque attached to:

Adherium Limited Shortfall Offer C/- Computershare Investor Services Pty Limited, GPO Box 52, MELBOURNE VIC 3001

Neither CIS nor Adherium Limited accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuer (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided overleaf or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold securities. Shortfall Offer Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Shortfall Offer Application Forms cannot be completed by persons less than 18 years of age.

Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual: Use given names in full, not initials	Mr John Alfred Smith	JA Smith
Company: use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings: use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts: use the trustee(s) personal name(s)	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates: use the executor(s) personal name(s)	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18): use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships: use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names: use office bearer(s) personal name(s)	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds: use the name of the trustee of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund