

Alterity raises \$35M in placement to international and Australian institutions and sophisticated investors.

- **Successfully obtained binding commitments for A\$35M via institutional placement to be settled in 2 tranches**
 - **Tranche 1: \$10M raised under Alterity's current placement capacity**
 - **Tranche 2: \$25M subject to shareholder approval**
 - **Attached 1.1 option under Tranche 2**
- **The capital raising was cornerstone by top tier institutional investors in Australia and North America and supported by new institutional and sophisticated investors from Australia, the United Kingdom and North America.**
- **The new shares to be issued will rank equally with existing ATH fully paid ordinary shares.**
- **The placement was managed by MST Financial.**
- **Funds to be used to advance clinical trials of lead compound ATH434 for treatment of neurodegenerative disease.**

MELBOURNE, AUSTRALIA AND SAN FRANCISCO, USA – 16 October 2020: Alterity Therapeutics (ASX: ATH, NASDAQ: ATHE) ("Alterity" or "the Company") today announced it has received binding commitments for a capital raising of A\$35M via a two tranche placement (the "Placement") to Australian and international institutions and other unrelated sophisticated, professional or exempt investors.

The Placement was fully subscribed and was conducted at \$0.037, representing a discount of 25.7% to the 30-day VWAP and 24.8% discount to the 15 day VWAP prior to the trading halt. For every share allocated in tranche two of the placement, one option will be issued. The option will have an exercise price of A\$0.07 and an expiry date of three years post allotment.

Tranche One of the Placement is to raise approximately A\$10 M in accordance with the Company's available placement capacity pursuant to ASX Listing Rules 7.1 (162,750,604 shares) and 7.1A (108,500,403 shares), being a total of 271,251,007 shares. Tranche Two is to raise approximately A\$25 M (674,694,939 shares and 1 for 1 free attaching options) conditional on shareholder approval to be sought at Alterity's Annual General Meeting which is planned for 18th November 2020.

Use of Proceeds

The proceeds from the Placement will be used to progress Alterity's clinical development program for ATH434 including a Natural History study and a Phase 2 trial, both in Multiple System Atrophy (MSA) patients, ongoing research and discovery, and working capital.

ATH434 is in development for its first disease target, MSA. MSA is a rare and rapidly progressive Parkinsonian disorder. It is a neurodegenerative disease with major sources of disability resulting from motor symptoms characteristic of Parkinson's disease and impaired ability to maintain normal blood pressure, bowel function and bladder control. Current treatment includes medications and lifestyle changes to help manage symptoms, but there is no treatment of the underlying cause and no cure.

ATH434 has received orphan drug designation for MSA in the US and EU, conferring 7 and 10 years of market exclusivity respectively in addition to other benefits.

Preclinical studies showed that ATH434 reduced the pathological markers of MSA and a related disorder, Parkinson's disease. They also demonstrated improved function and a neuroprotective benefit, with potential to modify the progression of these diseases. Phase 1 trials indicated that ATH434 had a favourable safety and pharmacokinetic profile, achieving drug concentrations at the site of action that met or exceeded those associated with efficacy in animal models of Parkinson's disease and MSA.

Mr. Geoffrey Kempler, Chairman and CEO said: "We are thrilled with the response of global investors in supporting Alterity to advance our lead compound ATH434 for the treatment of MSA to later stage patient trials."

"We believe that our science is unique, validated, and is capturing the attention of physicians and researchers for its potential to have a positive impact on the lives of many people suffering from Parkinsonian diseases which currently have no cure."

An Appendix 3B containing further detail regarding the placement is being released in conjunction with this announcement.

END

Authorization & Additional information

This announcement was authorized by Geoffrey Kempler, Chairman and CEO of Alterity Therapeutics Limited.

All dollar amounts are in Australian dollars unless otherwise indicated.

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About Alterity Therapeutics Limited and ATH434

Alterity's lead candidate, ATH434 (formerly PBT434), is the first of a new generation of small molecules designed to inhibit the aggregation of pathological proteins implicated in neurodegeneration. ATH434 has been shown to reduce abnormal accumulation of α -synuclein and tau proteins in animal models of disease by redistributing labile iron in the brain. In this way, it has potential to treat Parkinson's disease and atypical forms of Parkinsonism such as Multiple System Atrophy (MSA) and Progressive Supranuclear Palsy (PSP).

ATH434 has been granted Orphan designation for the treatment of MSA by the US FDA and the European Commission.

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

About Multiple System Atrophy

Multiple System Atrophy (MSA) is a rare and rapidly progressive neurological disorder affecting adults. It has no known cause. In addition to presenting with motor symptoms like those in Parkinson's disease, individuals with MSA may also experience loss of ability to coordinate voluntary movements and impaired regulation of involuntary body functions such as blood pressure, bowel and bladder control. Most of these symptoms are not addressed by available drugs for patients with Parkinson's disease. As the condition progresses, daily activities become increasingly difficult and complications such as increased difficulty swallowing, vocal cord paralysis, progressive immobility, and poor balance become more prominent. Symptoms tend to appear after age 50 and rapidly advance, leading to profound disability.

Forward Looking Statements

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

Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are described in the sections titled "Risk Factors" in the Company's filings with the SEC, including its most recent Annual Report on Form 20-F as well as reports on Form 6-K, including, but not limited to the following: statements relating to the Company's drug development program, including, but not limited to the initiation, progress and outcomes of clinical trials of the Company's drug development program, including, but not limited to, ATH434 (formerly PBT434), and any other statements that are not historical facts. Such statements involve risks and uncertainties, including, but not limited to, those risks and uncertainties relating to the difficulties or delays in financing, development, testing, regulatory approval, production and marketing of the Company's drug components, including, but not limited to, ATH434, uncertainties relating to the impact of the novel coronavirus (COVID-19) pandemic on the company's business, operations and employees, the ability of the Company to procure additional future sources of financing, unexpected adverse side effects or inadequate therapeutic efficacy of the Company's drug compounds, including, but not limited to, ATH434, that could slow or prevent products coming to market, the uncertainty of patent protection for the Company's intellectual property or trade secrets, including, but not limited to, the intellectual property relating to ATH434.

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

Not an offer in the United States

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been registered under the US Securities Act of 1933 and may not be offered or sold in the United States or to US Persons (as defined in Rule 902(k) under the US Securities Act) except in transactions registered under the US Securities Act or exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

**Annexure
Tranche 2 Option Terms**

The terms of the issue of the options are:

1. Each Option entitles the holder to one fully paid ordinary share in the capital of Alterity Therapeutics Limited [ABN 37 080 699 065] (**the Company**) (each a **Share**).
 2. The Options may be exercised at any time prior to 5.00pm Melbourne time on the day three (3) years after the issue date or the last ASX business day before that date if not an ASX business day (**Expiry Date**).
 3. The exercise price of the Options is A\$0.07 (7 Australian cents) each (**Exercise Price**).
 4. The Options will not be listed.
 5. The Options are transferable, subject at all times to the requirements of the Australian Corporations Act 2001 and any other applicable law or regulation.
 6. To exercise the Options, each Option holder must duly complete, execute and deliver to the Company an exercise notice in the form provided to the Option holder or as otherwise acceptable to the Company (**Notice of Exercise**). Options may be exercised by the Option holder in whole or in part by completing the Notice of Exercise (or such other form of written notice of exercise acceptable to the Company) and delivering it to the Company Secretary at its registered office or to its designated registry (which may include delivery or giving by electronic means), to be received prior to the Expiry Date. The Notice of Exercise must, among other things, state the number of Options exercised, the consequent number of Shares to be allotted and the identity of the proposed allottee. The Notice of Exercise by an Option holder must be accompanied by payment (which may be made by electronic funds transfer by prior arrangement in writing with the Company or its designated registry) in full for the relevant number of Shares being subscribed, being an amount of the Exercise Price per Option exercised.
 7. All Shares issued upon the exercise of the Options will rank equally in all respects with the Company's then issued Shares. The Company will apply to the Australian Securities Exchange (**ASX**) for all Shares issued pursuant to the exercise of the Options to be admitted to quotation.
 8. In the event of a pro rata entitlements issue to the Company's shareholders, the Exercise Price shall be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
 9. In the event of a bonus issue the number of Shares over which the Option is exercisable shall be increased by the number of Shares which the Option holder would have received if the Option had been exercised before the record date for the bonus issue.
 10. In the event of any reorganisation of the capital of the Company (including consolidation, subdivisions, reduction or return) prior to the Expiry Date the rights of an Option holder will be changed to extent necessary to comply with the Listing Rules of the ASX applying to a reorganisation of the capital at the time of the reorganisation.
 11. There are no participating rights or entitlements inherent in the Options and an Option holder will not be entitled to participate in new issues of capital offered to the Company's shareholders during the term of the Options. However, the Company will if required by the Listing Rules of ASX send a notice to the Option holder at least 3 business days (or such longer period as the Listing Rules of ASX require) before the record date of any new issues of capital offered to the Company's shareholders in order to give the Option holder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue. Notice may be sent to the last email address advised by the Option holder.
 12. The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
 13. The Options may not be exercised by or on behalf of a person in the United States unless the Options and the underlying Shares have been registered under the US Securities Act of 1933, as amended, and applicable state securities laws, or exemptions from such registration requirements are available.
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