

## ASX Release

### Viralytics Completes \$28 million Placement – SPP to Follow

**14 December 2015, Sydney, Australia:** Viralytics Limited (**Viralytics**) announces that it has completed a placement of 46,118,270 shares to international and domestic sophisticated or professional investors at an issue price of \$0.615 per share to raise \$28,362,736. The placement was significantly oversubscribed with strong demand from international specialist healthcare investment funds, including two New York based Funds who are new to the register. The price represents a 5.2% discount to the VWAP for the 5 days up to and including 9 December 2015.

As a result of the placement OrbiMed Advisors, a New York headquartered specialist global healthcare fund, becomes a substantial shareholder in Viralytics. Existing shareholders who participated in the placement included the Biotechnology Value Fund, L.P. and other affiliates of BVF Partners L.P. Bell Potter Securities Limited was the Lead Manager with Roth Capital Partners acting as the Sole US Placement Agent.

The funds from this capital raise will enable the more rapid advancement of the clinical program, in particular acceleration of the collaborative study with Merck<sup>1</sup> assessing CAVATAK™ in combination with KEYTRUDA®<sup>2</sup> in late stage bladder and lung cancer patients (STORM trial); completion of the CANON trial in patients with non-muscle invasive bladder cancer (and potential extension into a phase 2 study); and the completion of the CAPRA and MITCI studies in melanoma patients assessing CAVATAK in combination with the blockbuster checkpoint inhibitors, KEYTRUDA® and YERVOY®<sup>3</sup> respectively. The funds will also enable initiation of further clinical trials including a study to assess CAVATAK delivered intravenously in combination with a checkpoint inhibitor<sup>4</sup> in melanoma patients and new CAVATAK studies in other cancer types.

Funds will also be applied to manufacture of CAVATAK for use in clinical trials and general working capital. The proceeds will be used as follows:

Activity	
1.	Completion of Part A of the STORM trial and accelerated recruitment into Part B assessing CAVATAK™ in combination with KEYTRUDA® in approximately 80 metastatic bladder and lung cancer patients

1 Via collaboration agreement with subsidiaries of Merck & Co., Inc., Kenilworth, New Jersey, U.S.A. (known as MSD outside the United States and Canada)

2 KEYTRUDA® is a trademark of Merck and Company Inc

3 YERVOY® is a trademark of Bristol-Myers Squibb Company

4 Checkpoint inhibitors are an important new class of anticancer agent that take the brakes off the immune response to cancer and have application across a broad range of cancer types including melanoma, lung and bladder cancer. They include the anti-PD1 antibodies such as pembrolizumab (Keytruda, Merck) and the anti-CTLA4 antibodies such as ipilimumab (Yervoy, Bristol Myers Squibb). Analysts forecast checkpoint inhibitors may achieve total annual revenues of more than US\$20Bn by 2020.

2.	Completion of the CANON clinical trial in patients with non-muscle invasive bladder cancer with potential extension into a phase 2 trial
3.	Completion of the CAPRA and MITCI clinical trials in late stage melanoma patients
4.	Initiation of a clinical trial to assess intravenously delivered CAVATAK™ in combination with a checkpoint inhibitor in late stage melanoma patients
5.	New CAVATAK™ studies in indications / immunotherapy combinations to be determined following scientific and commercial review
6.	Manufacture of CAVATAK™ for use in clinical trials
7.	General Working Capital and strengthening of the balance sheet ahead of commercial negotiations

“In 2015 we expanded the programme for our lead investigational product, CAVATAK™, into a growing number of clinical trials; enhanced our collaborations with leaders in the immunology field; and generated new and promising patient data in a range of cancer types.” said Viralytics’ Managing Director, Dr Malcolm McColl. “We intend strengthening the body of clinical evidence supporting CAVATAK’s potential as an important new agent in the blockbuster field of cancer immunotherapy. Our goal is to use this evidence to drive partnering discussions and shareholder value from a position of financial strength, ensuring that we are able to realize a significant commercial outcome from our innovative technology.”

The new shares to be issued represent approximately 25% of shares on issue as calculated in accordance with ASX Listing Rule 7.1 and 7.1A.

### **Share Purchase Plan**

Viralytics is pleased to announce that it will now offer each eligible shareholder the opportunity to subscribe for up to \$15,000 in Viralytics shares under a Share Purchase Plan (SPP) at the same price of \$0.615 per share offered under the placement. The amount to be raised by the SPP will be limited to \$4 million with any scale back of applications to be determined at the company’s absolute discretion.

Participation in the SPP is open to all holders of Viralytics shares with a registered address in Australia and New Zealand at the SPP record date, on 11 December 2015. Further details of the SPP are to be released separately.

### **About VIRALYTICS and CAVATAK™**

Viralytics is developing oncolytic immunotherapy treatments for a range of cancers. The company’s lead investigational product, CAVATAK™, is currently being studied in Phase 1 and 2 clinical trials for the treatment of melanoma, as well as prostate, bladder and lung cancers. Intratumoural, intravenous and intravesicular delivery routes are under investigation. Two combination studies with checkpoint inhibitors

are underway in late-stage melanoma patients. A combination study of CAVATAK with KEYTRUDA in late-stage lung and bladder cancer patients will commence in 2016.

Further details on our clinical and pre-clinical data can be found on our website at the following locations:

<http://www.viralytics.com/our-pipeline/clinical-trials/>  
<http://www.viralytics.com/our-pipeline/pre-clinical-studies/>  
<http://www.viralytics.com/our-pipeline/scientific-presentations/>  
<http://www.viralytics.com/our-pipeline/scientific-publications/>

CAVATAK is a proprietary formulation of the common cold Coxsackievirus Type A21 (CVA21) that preferentially binds to specific 'receptor' proteins highly expressed on multiple cancer types. CAVATAK acts to kill both local and metastatic cancer cells through cell lysis and the potential generation of an immune response against the cancer cells – a two-pronged mechanism of action known as oncolytic immunotherapy.

Based in Sydney Australia, the company is listed on the Australian Securities Exchange (ASX: VLA) while Viralytics' ADRs also trade under VRACY on the US OTCQX International market. For more information, please visit [www.viralytics.com](http://www.viralytics.com).

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