

ASX and Media Release
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Sydney

CAVATAK™ bladder cancer positive preliminary data

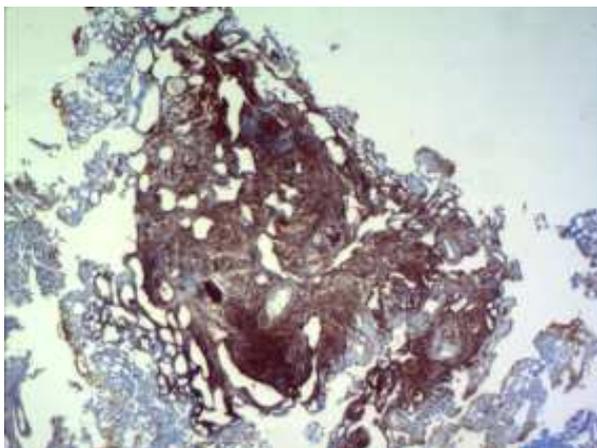
..CAVATAK™ able to identify ICAM-1 receptors on bladder cancer tissues
..Viralytics to endeavour to also target bladder cancer application with melanoma, lung and prostate cancer

Viralytics Limited (ASX: VLA, OTC: VRACY) has received positive preliminary data in bladder cancer in its collaboration with Professor Hardev Pandha's research team at The University of Surrey in the United Kingdom.

Initial findings indicate the presence of widespread ICAM-1 on the surface of human bladder cancer tissues. Viralytics' lead oncolytic virus CAVATAK™ is based on demonstrated performance in targeting ICAM-1 receptors on the surface of cancer cells.

CAVATAK™ binds to the ICAM-1 receptor and works its way into the cancer cells. Phase I trial results have shown that after injection of CAVATAK™, a number of patients' melanoma lesions appear to stabilise or reduce in size. There is also evidence of possible immune activation in patients with reductions in injected lesions.

Injected CAVATAK™ virus clears from circulation within about 48 hours with possible secondary viral replication. In other words the mild virus keeps on working in patients as it is designed to persist in targeting cancer cells.



Microscopic view of ICAM-1 expression in human grade 2 human bladder cancer. The brown colour cell staining indicates ICAM-1 expression.



"These findings are very encouraging in our quest to enter early phase clinical evaluation of CAVATAK™ for the treatment of patients with superficial bladder cancer. Novel therapeutic strategies are urgently needed in the indication as evidenced by the current worldwide shortage of a Bacille Calmette-Guerin (BCG), a common treatment for this condition," said Professor Pandha.

Professor Pandha is the Head of Oncology at The University of Surrey and is an internationally recognised researcher and opinion-leader in virotherapy. He has published extensively on the pre-clinical and clinical activity of oncolytic viruses.

In the United States alone, it is estimated that in 2012 there will be about 70 000 new cases and 15 000 deaths from bladder cancer.

Viralytics has since advanced to a Phase II melanoma study using intratumourally injected CAVATAK™ under an Investigational New Drug application allowed by the US Food and Drug Administration. In this study 13 subjects have so far been dosed in the Phase II CAVATAK™ trial with three demonstrating immune-related Progression-Free Survival at six months.

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About Viralytics Ltd: Viralytics is listed on the Australian Securities Exchange (ASX code: VLA), Viralytics ADR trades under VRACY on the OTC market in the USA. Viralytics' principal asset is the intellectual property relating to CAVATAK™, an Oncolytic Virus technology. CAVATAK™ is the trade name for Viralytics' proprietary formulation of the Coxsackievirus Type A21 (CVA21). EVATAK™ is the trade name for Viralytics' proprietary formulation of the Echovirus Type 1 (EV1). CVA21 and EV1 are viruses that occur naturally in the community. CVA21 and EV1 attach to the outside of cells, using a specific 'receptor' on the cell's surface (like a key fitting a lock). CVA21 uses the receptors, intercellular adhesion molecule-1 (ICAM-1) and/or decay accelerating factor (DAF) to bind and infect target cells. Both of these receptor proteins have been demonstrated to be highly expressed on multiple cancer types, including: melanoma, prostate cancer, breast cancer, multiple myeloma and others. EV1 uses the receptor, integrin(2@1 to bind and infect target cells. Integrin(2@1 has been demonstrated to be highly expressed on multiple cancer types, including: prostate cancer, ovarian cancer and others.