



# Viralytics Limited Notice of Annual General Meeting

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Commencing 11.00am at the offices of  
McCullough Robertson  
Level 16, 55 Hunter St, Sydney  
19 November 2013

For personal use only

Notice is given that the Annual General Meeting (AGM) of shareholders of Viralytics Limited ABN 12 010 657 351 (the *Company*) will be held at the Offices of McCullough Robertson, Level 16, 55 Hunter St, Sydney on Tuesday, 19 November 2013 commencing at 11.00am.

## A. CONSIDERATION OF REPORTS

To receive and consider the Financial Report, the Directors' Report and the Independent Audit Report of the Company for the financial year ended 30 June 2013.

Unless the Company's Share Registry has been notified otherwise, shareholders will not be sent a hard copy of the Annual Report. All shareholders can view the Annual Report, which contains the Financial Report for the year ended 30 June 2013 on the website of the Company (www.viralytics.com), under Investor Centre/Annual Reports.

## B. QUESTIONS AND COMMENTS

Following consideration of the reports, the Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the management of the Company.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Independent Audit Report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the Independent Audit Report or the conduct of the audit. A list of written questions, if any, submitted by shareholders will be made available at the start of the AGM and any written answer tabled by the Auditor at the AGM will be made available as soon as practicable after the AGM.

## C. ITEMS FOR APPROVAL

### 1. Re-election of Dr Phillip Altman

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

*That Phillip Altman, having retired in accordance with clause 19.3(b) of the Company's Constitution, and having offered himself for re-election and being eligible, is hereby elected as a Director of the Company in accordance with clause 19.3(f) of the Constitution.*

### 2. Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an advisory resolution of the Company:

*That, the Company's Remuneration Report for the financial year ended 30 June 2013 (set out in the Directors' Report) be adopted.*

### Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 2:

- a) by or on behalf of a member of the key management personnel<sup>1</sup> (KMP) (which includes each of the directors of the Company) whose remuneration is disclosed in the 2013 Remuneration Report;
- b) by or on behalf of a closely related party<sup>2</sup> (such as close family members and any controlled companies) (**Closely Related Party**) of such a member of the KMP; or
- c) as a proxy of any of the above.

However, the Company need not disregard a vote cast on Resolution 2 if it is cast as a proxy for a person who is entitled to vote and;

- the proxy appointment is in writing and specifies how the proxy is to vote (for, against, abstain); or
- the vote is cast by the person chairing the Annual General Meeting, and
  - the proxy appointment does not specify how the proxy is to vote; and,
  - the appointment expressly authorises the Chair of the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

<sup>1</sup> 'key management personnel' has the meaning as defined in Section 9 of the *Corporations Act 2001* (Cth) and includes a director of the company.

<sup>2</sup> 'closely related party' has the meaning as defined in Section 9 of the *Corporations Act 2001* (Cth).

### 3. Approval of Viralytics Equity Incentive Plan

To consider and if thought fit, pass the following resolution as an ordinary resolution of the Company:

*'That for the purposes of the Corporations Act 2001 (Cth) and the ASX Listing Rules, the Viralytics Equity Incentive Plan (**the Plan**), the terms and conditions of which are summarised in the Explanatory Memorandum accompanying this Notice of Meeting, be approved.'*

#### Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by a member of the KMP or a Closely Related Party of a member of the KMP as a proxy for a person who is entitled to vote.

However, the Company need not disregard a vote cast on Resolution 3 if it is cast as a proxy for a person who is entitled to vote and;

- the proxy appointment is in writing and specifies how the proxy is to vote (for, against, abstain); or
- the vote is cast by the person chairing the Annual General Meeting, and
  - the proxy appointment does not specify how the proxy is to vote; and,
  - the appointment expressly authorises the Chair of the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

### 4. Additional Share Issue Capacity under Listing Rule 7.1A

To consider and, if thought fit, pass the following resolution as a special resolution of Shareholders of the Company:

*'That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum, be approved'*

#### Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on Resolution 4 by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if this Resolution is passed. At this point in time, there are no potential allottees to whom shares may be issued under this resolution.

However, the Company need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with the direction on the proxy form to vote as the proxy decides.

The Chair intends to vote all undirected proxies in favour of Resolutions 1, 2, 3 and 4. If a Shareholder wishes to appoint the Chair of the meeting as their proxy with a direction to vote against, or to abstain from voting on the Resolutions, the Shareholder should specify this by completing the 'Against' or 'Abstain' box on the proxy appointment.

By order of the Board



**Catherine Officer**  
**Company Secretary**

18 October 2013

## ENTITLEMENT TO ATTEND AND VOTE

In accordance with Reg 7.11.37 of the Corporations Regulations 2001, the Board has determined that persons who are registered holders of shares of the Company as at 7:00pm (Sydney time) on 17 November 2013 will be entitled to attend and vote at the AGM as a shareholder.

If more than one joint holder of shares is present at the AGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

### **Voting By Proxy**

If you are a shareholder entitled to attend and vote at the AGM, you may appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act 2001 to exercise its powers as proxy at the AGM.

A proxy need not be a shareholder of the Company. A shareholder may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes.

To be effective, the proxy must be received at the share registry of the Company no later than 11.00am (Sydney time) on 17 November 2013. Proxies must be received before that time by one of the following methods:

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Online:	<p><a href="http://www.investorcentre.linkmarketservices.com.au">www.investorcentre.linkmarketservices.com.au</a></p> <p>Login to the Link website using the details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online voting facility, Securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).</p>
By post:	<p>Link Market Services Limited Locked Bag A14 Sydney South NSW 1235</p>
By facsimile:	<p>In Australia (02) 9287 0309 From outside Australia +61 2 9287 0309</p>
By delivery:	<p>Link Market Services Limited Level 12, 680 George Street Sydney South NSW 2000</p>

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To be valid, a proxy must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

### **Voting by Attorney**

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 11.00am (Sydney time) on 17 November 2013 being 48 hours before the AGM.

### **Corporate Representatives**

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the AGM. The appointment of the representative must comply with the requirements under section 250D of the *Corporations Act 2001* (Cth). The representative should bring to the AGM a properly executed letter or other document confirming its authority to act as the company's representative.

## **EXPLANATORY MEMORANDUM**

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This Explanatory Memorandum has been prepared to assist Viralytics shareholders (*Shareholders*) to understand the business to be put to Shareholders at the Company's 2013 Annual General Meeting.

Resolutions 1, 2 and 3 are ordinary resolutions, which require a simple majority of votes cast by shareholders present and entitled to vote on the resolution. Resolution 2 relating to the Remuneration Report is advisory and does not bind the Directors or the Company.

Resolution 4 is a special resolution, which requires that at least 75% of the votes cast by shareholders present and entitled to vote be cast in favour of the resolution.

### **RESOLUTION 1: RE-ELECTION OF DR PHILLIP ALTMAN**

Dr Phillip Altman was initially appointed by the Board as a Director of the Company on 14 July 2007 and re-elected by shareholders on 24 November 2010.

In accordance with clause 19.2(b) of the Company's Constitution, Dr Altman retires and, being eligible, offers himself for re-election as a Director by the Shareholders. Dr Altman is an Independent, Non-Executive Director.

Dr Altman is a well-known Australian authority on clinical trials and regulatory affairs, with more than 30 years' experience in the sector. He is a graduate of Sydney University with an Honours degree in Pharmacy, Master of Science and Doctor of Philosophy (pharmacology and pharmaceutical chemistry) degrees. Dr Altman also co-founded and is a Life Member of the largest professional body of pharmaceutical industry scientists involved in clinical research and regulatory affairs (Association of Regulatory and Clinical Scientists to the Australian Pharmaceutical Industry Ltd – ARCS).

In addition to working in senior management positions for several multinational companies including Merrell-Dow, Hoechst, Roussel and GD Searle, Dr Altman established his own company, Pharmaco Pty Ltd, one of the first contract research organizations, where he served as a Senior Industry Consultant and he continues to provide consultant support for a range of companies.

#### **Directors' Recommendation**

The Directors, with Dr Altman abstaining, recommend that Shareholders vote in favour of Resolution 1.

### **RESOLUTION 2: REMUNERATION REPORT**

Section 250R(2) of the Corporations Act 2001 requires the Shareholders to vote on an advisory resolution that the Remuneration Report (the Report) be adopted.

The Report details the remuneration policy for the Company and reports the remuneration arrangements for Key Management Personnel (identified for the purposes of the Accounting Standards) and other Viralytics employees. The Report is available from page 17 in the Company's Annual Report which can be viewed in the "Investor Centre / Annual Reports" section of the Company's website ([www.viralytics.com](http://www.viralytics.com)).

The Chairman will give shareholders a reasonable opportunity to ask questions about or make comments on the Report.

#### **Directors' Recommendation**

As a matter of governance, the Directors have elected not to make a recommendation in relation to the resolution.

## RESOLUTION 3: APPROVAL OF VIRALYTICS EQUITY INCENTIVE PLAN

### Background

The Directors of the Company seek authorisation to issue Plan Interests under the Viralytics Equity Incentive Plan (*the Plan*) in accordance with ASX Listing Rule 7.2, Exception 9(b) so that any shares issued under the Plan will be excluded from the maximum number of new shares that may be issued by the Company in any 12 month period for a period of three years from the date of approval. The Board considers it desirable to maintain this flexibility so that it may access capital under ASX Listing Rule 7.1 through subsequent issues as required.

The Company is also seeking shareholder approval of the Plan in order that it may obtain the benefit of the exemption in section 260C(4) of the Corporations Act for financial assistance provided under an employee share scheme approved by shareholders.

### Purpose for issue of Securities under the Plan

The Board's purpose for issuing Securities under the Plan is to:

- provide Eligible Persons with an incentive plan which recognises ongoing contribution to the achievement by the Company of long term strategic goals thereby encouraging the mutual interdependence of Participants and the Company;
- establish an employee share scheme within the meaning of the *Income Tax Assessment Act 1997* (Cth) and Class Order 03/184 issued by the Australian Securities & Investments Commission (as applicable);
- align the interests of Participants with shareholders of the Company, through the sharing of a personal interest in the future growth and development of the Company, as represented in the price of the Company's ordinary fully paid shares;
- encourage Eligible Persons to contribute to the performance of the Company and its total return to Shareholders; and
- provide a means of attracting and retaining skilled and experienced employees.

The Board wishes to encourage personnel to participate in these plans so that they can share in the growth of the Company.

The terms of the Plan are unchanged from those of the Viralytics Employee Share and Option Plan which was approved by shareholders at the Extraordinary General Meeting of 2 August 2011, other than certain nomenclature has been amended for the sake of clarity, including the name of the Plan.

Since the Plan was approved by Shareholders in 2011, 2,725,000 unquoted options have been issued to Participants in accordance with the terms of the Plan. None of those options have been exercised.

A copy of the terms and conditions of the Plan is available at the Company's website, [www.viralytics.com](http://www.viralytics.com), or by calling the Company Secretary on 02 9988 4000.

A summary of the terms of the Plan is set out below.

### Key terms of the Plan

The Board is empowered under the Plan terms and conditions to determine the key terms of any Plan Interests (**Shares, Options or Performance Rights**) issued under the Plan.

### Eligibility

The Plan is open to eligible participants, namely employees, contractors, consultants or executive directors of the Company (or a subsidiary of the Company) or any other person whom the Board determines to be eligible to participate in the Plan from time to time (**Eligible Employees**).

### Participation

Each Eligible Employee who acquires a legal or beneficial interest in a Plan Interest (including the legal personal representative of the person) becomes a 'Participant' in the Plan.

## Invitation

An offer by the Board to acquire a Plan Interest and become a Participant in the Plan will be in such form and subject to such conditions as the Board determines. Where applicable the invitation will specify the number of Plan Interests to which the invitation relates, the date the Plan Interests will be issued, the amount payable (if any) to acquire the Plan Interests, the expiry date (in the case of Options), the exercise price (in the case of Options) and any conditions in relation to performance, forfeiture and disposal of any shares issued pursuant to the Plan.

## Plan Interest Terms

At the time of invitation the following Plan Interest terms will be determined at the discretion of the Board:

- Plan Interest Price;
- Exercise Price (if any); and
- Exercise Period.

## Conditions

At the time of invitation the following conditions (if any) will be determined at the discretion of the Board:

- any conditions that must be satisfied in relation to a Participant's performance during a specified period (**Performance Conditions**);
- any conditions that will result in the forfeiture of a Plan Interest (**Forfeiture Conditions**); and
- any conditions that must be satisfied before a share issued pursuant to the Plan can be disposed of by a Participant (**Disposal Restrictions**).

## Lapse

Plan Interests issued under the Plan will lapse upon the earlier of the date specified by the Board or events contained in the Plan rules, and once lapsed no consideration or compensation is payable in relation to the lapse.

## Rights of Participants

Plan Interests are subject to the terms and conditions of the Plan until a share issued pursuant to the Plan is:

- registered in the name of the Participant;
- not subject to any Performance Conditions or Forfeiture Conditions (**Vesting Conditions**);
- not subject to a holding lock or any Disposal Restrictions.

Once shares are allotted upon exercise of Options or vesting of Performance Rights issued under the Plan, the Participant will have a legal and equitable interest in the Shares. The Shares will rank equally for dividends declared on or after the date of issue but will carry no right to receive any dividend before the date of issue.

A holder of Plan Interests is not entitled to participate in a new issue of Shares or other securities made by the Company to Shareholders merely because he or she holds Options or Performance Rights.

The Company will apply for quotation on the official list of the ASX of those Shares acquired under the Plan or upon the exercise of an Option issued or Performance Right that vests under the Plan, as soon as practicable after the acquisition of those Shares by a Participant. The Company will not seek official quotation by ASX of any Options or Performance Rights.

Should the Company undergo a reorganisation or reconstruction of capital or any other such change, the terms of the Plan Interests will be correspondingly changed as the Board considers appropriate in the given circumstances to ensure that the value of the Participant's Plan Interests is not diminished as a result of the capital reconstruction or reorganisation.

In the event of a change of control, the Board may give notice to Participants and discretion to deal with the Securities by:

- converting Participants' Performance Rights to Shares whether or not all conditions have been met;
- permitting the exercise of some or all Options whether or not Vesting Conditions have been met; and/or
- removing any Disposal Restrictions.

## Assignment

Plan Interests issued under the Plan are not transferable or assignable without the prior written approval of the Board.

## Administration

The Plan will be administered by the Board which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate special terms and conditions (subject to any applicable Listing Rules) in addition to those set out in the Plan.

## Termination and amendment

The Plan may be terminated or suspended at any time by the Board but any such suspension or termination will not affect nor prejudice rights of any Participant holding Plan Interests at that time. The Plan may be amended at any time by the Board.

## Directors' Recommendation

The Board recommends that Shareholders vote in favour of approving the Plan.

## RESOLUTION 4: ADDITIONAL SHARE CAPACITY UNDER LISTING RULE 7.1A

ASX Listing Rule 7.1A enables mid to small cap listed companies to seek shareholder approval by special resolution to issue equity securities equivalent to an additional 10% of the number of ordinary securities on issue by way of placement over a 12 month period. This is in addition to the existing 15% placement capacity permitted by ASX Listing Rule 7.1.

A company is eligible to seek shareholder approval for this additional placement capacity if it satisfies both of the following criteria at the date of the AGM:

- (a) have a market capitalisation of \$300 million or less; and
- (b) not included in the S&P/ASX 300 Index.

The Company currently satisfies both the above criteria, and it is anticipated that it will satisfy both these criteria at the date of the Meeting.

Accordingly, Resolution 4 is seeking approval of ordinary shareholders by special resolution for the issue of such number of equity securities as calculated under the formula in ASX Listing Rule 7.1A.2, at an issue price as permitted by ASX Listing Rule 7.1A.3 to such persons as the Board may determine, on the terms as described in this Explanatory Statement.

At the date of this Notice, the Company has on issue 87,268,606 Shares and a capacity to issue:

- (i) 12,943,693<sup>3</sup> equity securities under ASX Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 4, 8,714,113 equity securities under ASX Listing Rule 7.1A.

The effect of Resolution 4 will be to allow the Directors to issue the equity securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

## Information required by ASX Listing Rule 7.3A

The following information is provided for the purposes of ASX Listing Rule 7.3A:

- The minimum price at which the equity securities will be issued will be no less than 75% of the volume weighted average price for ordinary shares calculated over the 15 trading days on which trades are recorded immediately before:
  - (a) the date on which the price at which the shares are to be issued is agreed; or
  - (b) if the shares are not issued within 5 trading days of the date in paragraph (a), the date on which the shares are issued.

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<sup>3</sup> 15% of shares on issue as at 18<sup>th</sup> October 2012 plus shares issued under the 2012 SPP, less 124,476 shares issued under private placement.

If Resolution 4 is approved by Shareholders and the Company issues securities under the 10% Placement Facility, the existing ordinary shareholders face the risk of economic and voting dilution as a result of the issue of equity securities which are the subject of this resolution, to the extent that such shares are issued; including:

- (a) the market price of ordinary shares may be significantly lower on the issue date than on the date on which this approval is being sought; and
- (b) the shares may be issued at a price that is at a discount to the market price for those shares on the issue date or the shares may be issued as part consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the shares.

The following table gives examples of the potential dilution of existing ordinary shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable “A”, calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of the Notice.

The table also shows:

- (i) two examples where variable “A” has increased, by 50% and 100%. Variable “A” is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future Shareholders’ meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable “A” in Listing Rule 7.1A.2		Dilution		
		\$0.192 50% decrease in Issue Price	\$0.385 Issue Price	\$0.77 100% increase in Issue Price
Current Variable A 87,268,606 shares	10% voting dilution	8,726,860 shares	8,726,860 shares	8,726,860 shares
	Funds raised	\$1,675,557	\$3,359,841	\$6,719,682
50% increase in current Variable A 130,902,909 shares	10% voting dilution	13,090,291 shares	13,090,291 shares	13,090,291 shares
	Funds raised	\$2,513,336	\$5,039,762	\$10,079,524
100% increase in current Variable A 174,537,212 shares	10% voting dilution	17,453,720 shares	17,453,720 shares	17,453,720 shares
	Funds raised	\$3,351,114	\$6,719,682	\$13,439,364

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iii) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder’s holding at the date of the Meeting.
- (iv) The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1.
- (v) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
- (vi) The issue price is \$0.385, being the closing price of the Shares on ASX on 8 October 2013.

If any of the shares being approved by this resolution are issued, they will be issued during the Placement Period, that is, within 12 months of the date the AGM i.e. by 19 November 2013, and the approval being sought by this resolution will cease to be valid if ordinary shareholders approve a transaction under ASX Listing Rules 11.1.2 or 11.2 prior to 19 November 2013.

The shares will be issued for the purpose of raising working capital for the Company, which includes the ongoing costs of clinical trials, protection of intellectual property (most specifically applications for, and amendments of patents) and obtaining required regulatory approvals where necessary. A proportion of the shares may be issued for non-cash consideration and in such circumstances the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon issue of any equity securities.

- The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of allottees of equity securities will be determined on a case by case basis having regard to factors including, but not limited to, the following:
  - The methods of raising funds available to the Company, taking into account prevailing market conditions and interest from potential allottees;
  - The effect of the issue of Shares on the control of the Company and balancing the interests of existing shareholders. Allocation will be subject to takeover thresholds;
  - The financial situation and solvency of the Company and its projected need for working capital at any given time; and
  - Advice from corporate, financial and broking advisors (if applicable)

Potential allottees under the 10% Placement Facility (should it be approved) have not been identified as at the date of this Notice, but may include existing substantial shareholders and/or parties who are not currently Shareholders and are not related parties or associates of a related party of the Company.

- The Company previously obtained approval under ASX Listing Rule 7.1A at its Annual General Meeting held on 22 November 2012.
- The total number of equity securities issued in the 12 months prior to 19 November 2013 is 11,834,636, being 15.59% of the total number of equity securities on issue at the commencement of the 12 month period.
- Details of all issues of equity securities during the 12 months prior to 19 November are as follows:

	<b>Issue 1 27 December 2012</b>	<b>Issue 2 27 December 2012</b>	<b>Issue 3 5 February 2013</b>
<b>Number of equity securities issued:</b>	11,707,170	63,205	64,271
<b>Class:</b>	Ordinary shares	Ordinary shares	Ordinary shares
<b>Persons to whom securities were issued and basis for issue:</b>	Issued to ordinary shareholders pursuant to Share Purchase Plan	Destum Partners Private Placement	Destum Partners Private Placement
<b>Price at issue:</b>	0.30	0.305	0.30
<b>Discount to market price:</b>	16.5% to 5 day VWAP	At market	At market
<b>Total cash consideration:</b>	\$3,512,151	n/a	n/a
<b>Amount of cash spent:</b>	Merged with existing funds - cash at bank as at 8 October \$3.06 million		
<b>Spent on:</b>	Working capital, including clinical trials, intellectual property protection, regulatory applications		
<b>Intended use for remaining cash:</b>	Working capital, including clinical trials, including clinical trials, intellectual property protection, regulatory applications		
<b>Non-cash consideration:</b>	n/a	\$19,278 in lieu of fee payment for corporate advisory services (USD20,000)	\$19,281 in lieu of fee payment for corporate advisory services (USD20,000)
<b>Current value of non-cash consideration:</b>		One-off – no current value	One-off – no current value

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- A Voting Exclusion Statement is set out under the Resolution in the Notice of Meeting. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

Resolution 4 is a special resolution. For a special resolution to be passed, at least 75% of the votes cast by shareholders present and entitled to vote on Resolution 4 must be in favour of the resolution.

**Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of this Resolution.

END OF DOCUMENT

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 **By mail:**  
Viralytics Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

 **By fax:** +61 2 9287 0309

 **All enquiries to: Telephone:** +61 1300 554 474

## SHAREHOLDER PROXY FORM

I/We being a member(s) of Viralytics Limited and entitled to attend and vote hereby appoint:

STEP 1		APPOINT A PROXY	
<input type="checkbox"/>	<b>the Chairman of the Meeting (mark box)</b>	OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy. I/we appoint the Chairman of the Meeting as an alternate proxy to the person named.	<input type="text"/>
<p>If no person/body corporate is named, the Chairman of the Meeting, is appointed as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11:00am (AEDT) on Tuesday, 19 November 2013, at the offices of McCullough Robertson, Level 15, 55 Hunter St, Sydney and at any adjournment or postponement of the meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.</p> <p>The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.</p>			

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the meeting by 11:00am (AEDT) on Sunday, 17 November 2013.

Please read the voting instructions overleaf before marking any boxes with an

STEP 2		VOTING DIRECTIONS					
	For	Against	Abstain*		For	Against	Abstain*
<b>Resolution 1</b> Re-election of Dr Phillip Altman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 3</b> Approval of Equity Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> Adoption of Remuneration Report for Year ended 30 June 2013	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<b>Resolution 4</b> Additional Share Issue Capacity under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

 \* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3		IMPORTANT - VOTING EXCLUSIONS	
<input type="checkbox"/>	<p>If the Chairman of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of Items 2 and 3 above, please place a mark in this box. By marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even though he/she has an interest in the outcome of those Items and that votes cast by him/her for those Items, other than as proxyholder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 2 and 3 and your votes will not be counted in calculating the required majority if a poll is called on those Items.</p> <p>The Chairman of the Meeting intends to vote undirected proxies in favour of Items 2 and 3.</p>		

STEP 4			SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED		
Shareholder 1 (Individual)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)			
<input type="text"/>	<input type="text"/>	<input type="text"/>			
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director			

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).



## HOW TO COMPLETE THIS PROXY FORM

### Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the meeting.

### Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together. The appointment of the Chairman of the Meeting as your alternate proxy also applies to the appointment of the second proxy.

### Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (AEDT) on Sunday, 17 November 2013**, being not later than 48 hours before the commencement of the meeting. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged using the reply paid envelope or:



**ONLINE**

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



**by mail:**

Viralytics Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by fax:**

+61 2 9287 0309



**by hand:**

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either shareholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### Corporate Representatives

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.  
This will assist in registering your attendance.**