

ASX and Media Release

Viralytics Receives \$2.5 Million R&D Tax Incentive

2 December 2014, Sydney, Australia: Viralytics Limited (ASX: VLA, OTC: VRACY) has received just under \$2.5 million from the Australian Taxation Office under the Research and Development Tax Incentive Programme relating to the financial year ending 30 June 2014.

This is consistent with the amount estimated and published in the company's 2014 Annual Report. The funds will contribute towards the further acceleration of the CAVATAK™ clinical programme including:

1. The completion of the US Phase 2 CALM study in late stage melanoma patients.
2. The advancement of the UK Phase 1/2 STORM study in late stage solid tumour cancers, including prostate, lung, metastatic bladder cancer, and melanoma.
3. The initiation of the UK Phase 1 CANON study in patients with non-muscle invasive bladder cancer, also known as superficial bladder cancer.
4. The initiation of studies to assess CAVATAK in combination with new cancer immunotherapies, including checkpoint inhibitor agents, or targeted agents.

Enquiries:

Dr Malcolm McColl
Chief Executive Officer
02 9988 4000

Mr Rudi Michelson
Monsoon Communications
03 9620 3333

About Viralytics Ltd:

Viralytics is developing oncolytic immunotherapy treatments for a range of cancers. Viralytics' lead investigational product, CAVATAK™, is a proprietary formulation of the common cold Coxsackievirus Type A21 (CVA21). CVA21 binds to specific 'receptor' proteins highly expressed on multiple cancer types including, but not limited to: melanoma; prostate, lung, breast and bladder cancers; and multiple myeloma. 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. Together this mechanism of action is known as oncolytic immunotherapy. CAVATAK's preferential targeting of cancer cells creates the potential for a more tolerable cancer treatment.

The company has extended enrolment to enable a deeper interrogation of the immunotherapeutic activity of CAVATAK, in a single arm Phase 2 clinical trial of intratumourally administered CAVATAK in the treatment of Late-stage Melanoma (the CALM study), at multiple prestigious cancer clinics in the US. The study is being conducted in patients with late stage (IIIC and IV) malignant melanoma.

In addition, Viralytics is progressing a Phase 1/2 trial of CAVATAK delivered systemically (intravenously). This trial, referred to as the STORM (Systemic Treatment Of Resistant Malignancies) study, is enrolling patients with melanoma, prostate, lung or metastatic bladder cancers. The second stage of the STORM trial will include combination treatments with existing chemotherapies in one of the above cancer types. The STORM trial is being conducted at three UK cancer centres.

Viralytics has received approval from the MHRA for the CANON trial, a Phase 1 Trial to investigate the intravesicular use of CAVATAK for treatment of Non-muscle invasive bladder cancer conducted at the Surrey Cancer Research Institute. CAVATAK will be given in the frontline setting, with or without mitomycin C to patients who are scheduled to undergo surgery (transurethral resection, or TUR). 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.

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