

ASX and Media Release

\$29.6 Million Equity Placement to Lepu Medical Group of China

5 January 2018, Sydney, Australia: Viralytics Limited (ASX: VLA, OTC: VRACY), an innovator in the field of oncolytic immunotherapy, today announced that it has raised \$29,633,682 in a placement to Lepu Medical Group, a leading diversified life sciences company in China.

The investment is a private placement of 36,138,637 shares at a price of \$0.82 each, and represents a 27% premium to the thirty-day volume weighted average price of Viralytics shares. Following the placement, Lepu Medical will own about 13 percent of Viralytics shares on issue. The new shares are being issued in accordance with ASX Listing Rule 7.1 under Viralytics existing placement capacity. Bell Potter acted as corporate adviser to Viralytics on the transaction.

"Lepu Medical is very pleased to make this investment in Viralytics as part of our strategic expansion into the field of cancer immunotherapy," said Dr. Zhongjie Pu, Chairman of Lepu Medical. "We have carefully reviewed the global oncolytic virus landscape and believe CAVATAK is the leading agent with demonstrated potential to enhance the activity of checkpoint inhibitors such as anti-PD-1(or PD-L1) across many important cancer types.

"We also look forward to exploring possible collaborative opportunities with Viralytics as part of our goal to develop a significant position in the Chinese oncology market," added Dr. Pu.

"We are excited by the opportunity presented by this support from Lepu, a well-resourced and highly regarded company with substantial R&D and commercial capabilities," stated Malcolm McColl, Viralytics Managing Director. "This financing will bring our cash balance to over \$50 million, with a further \$6.4 million anticipated from the R&D Tax Incentive for 2016/17, and enable us to accelerate our global clinical development program."

As previously announced, Viralytics plans to initiate a pivotal Phase 3 clinical trial of CAVATAK in melanoma patients in 2018 as well as to begin new clinical studies of CAVATAK across a range of indications and treatment settings, including colorectal cancer, head and neck cancer and ocular melanoma.

About Viralytics Ltd

Viralytics is developing oncolytic immunotherapy treatments for a range of cancers. The company's lead investigational product, CAVATAK[®], is currently being studied in clinical trials

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for the treatment of melanoma, as well as bladder and lung cancers. 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.

About Lepu Medical

Established in 1999, Lepu Medical is a healthcare conglomerate which specializes in the medical device, pharmaceutical drug, healthcare services, and private hospital sectors in China. Lepu Medical's sales network covers 2,000 hospitals and 80,000 drug stores in China. Lepu Medical is a leader in China's cardiac therapy sector, with products including coronary stents, pacemaker, occlusion devices, prosthetic heart valves, cardiac in vitro diagnosis products, and cardiovascular pharmaceutical drugs. Moreover, Lepu Medical has pipeline products in the diabetes and cancer immunotherapy realms with PD-1 and PD-L1 checkpoint inhibitors in clinical trials in China. Based in Beijing, Lepu Medical is listed on the Shenzhen Stock Exchange Market (stock code: SZ 300003) with a current market valuation of 6.6 billion USD.

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