



ASX and Media Release

## **Viralytics \$27 million transformational capital raising**

### **Highlights:**

- *Transformational capital raising of up to \$27.1m at \$0.28 per share enabling Viralytics to complete 3 key CAVATAK™ clinical trials and to advance more rapidly to commercialisation*
- *Viralytics to be fully funded until the end of 2016*
- *Strengthens balance sheet ahead of potential commercial negotiations*
- *Binding commitments to raise \$23.0 million via two tranche placement. \$6.1m via Tranche 1 (using Viralytics placement capacity) & \$16.9m via Tranche 2 (Tranche 2 subject to shareholder approval )*
- *Placement participants include leading US and UK-based specialist healthcare institutional investors*
- *Up to another \$4.1m to be raised from current shareholders via 1 for 6 non-renounceable entitlement offer*
- *In the event of an entitlement offer shortfall, current shareholders also have the potential to buy additional shares at \$0.28 via a "top-up facility" (see full details in the Entitlement Offer information booklet)*

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**30 January 2014, Sydney, Australia:** Viralytics Limited (ASX:VLA, OTCQX:VRACY) is undertaking a transformational capital raising of up to \$27.1 million that is anticipated to fully fund the company to the end of 2016 including the completion of its key CAVATAK™ clinical trials.

It is anticipated that funds from the capital raising will enable the completion of the CAVATAK™ clinical trials program including:

1. Phase 2 CALM trial of CAVATAK™ in late stage melanoma patients
2. Phase 1/2 STORM trial assessing the multiple intravenous dosing of CAVATAK™ in patients with solid tumours including melanoma, prostate, lung or metastatic bladder cancers due to commence in February 2014

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3. Randomised Phase 2 trial in melanoma patients planned for commencement late 2014<sup>1</sup>

Dr Malcolm McColl CEO said: "We have achieved major advances with CAVATAK™ in 2013 with excellent momentum entering 2014. This capital raising is transformational for the company as it introduces several high quality international institutional investors to the register for the first time. We can now more rapidly advance the program and will be in a strong financial position to negotiate with pharmaceutical partners and optimise commercial outcomes."

"Support from leading specialist healthcare funds in the US and UK and small cap investors in Australia recognises the increasingly promising clinical trial outcomes achieved by the company in 2013 and validates the outstanding commercial potential of CAVATAK™, our oncolytic immunotherapy technology."

Bell Potter Securities Limited acted as the Lead Manager to the capital raising with Roth Capital Partners acting as the Sole US Placement Agent.

**Offer Details:**

The Placement and the Entitlement Offer price of \$0.28 represents a 12.5% discount to the weighted average closing price for the fifteen trading days to 24 January 2014 (being the last trading day before the capital raising was announced by the company).

The Placement comprises two Tranches.

- Tranche 1 is a \$6.1 million placement to professional and sophisticated investors using Viralytics' existing placement capacity under the ASX Listing Rules (First Tranche Placement);
- Tranche 2 is a \$16.9 million placement to professional and sophisticated investors and is subject to shareholder approval (Second Tranche Placement). A shareholder meeting is expected to be held on or around 6 March 2014.

Shares issued under the Placement and the Entitlement Offer will rank equally with existing shares. However, participants in the Placement will not be eligible to participate in the Entitlement Offer.

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 1 new ordinary share in Viralytics for every 6 existing shares held at 7.00 pm (AEDT) on Friday, 7 February 2014 (Record Date) at the offer price (Entitlements).

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<sup>1</sup> Details of Viralytics' objectives, relevant assumptions and risks are contained in the Entitlement Offer information booklet and investor presentation also released today.

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The Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up their Entitlements will not receive any value in respect of those Entitlements that they do not take up.

The Entitlement Offer will include a top-up facility under which eligible shareholders who take up their full Entitlement will be invited to apply for additional shares in the Entitlement Offer from a pool of those not taken up by other eligible shareholders. There is no guarantee that applicants under this top-up facility will receive all or any of the shares they apply for under the facility. The Board of Viralytics reserves the right to allocate the top-up facility at its discretion.

Viralytics will notify shareholders as to whether they are eligible to participate in the Entitlement Offer. Eligible shareholders will receive an information booklet including a personalised entitlement and acceptance form that will provide further details of how to participate in the Entitlement Offer.

Also, under ASX Listing Rules, Appendix 7A, Viralytics will despatch a letter in relation to the Entitlement Offer to each holder of options to subscribe for Viralytics shares.

A presentation on the Entitlement Offer has been lodged with ASX today and can be downloaded from ASX's website, [www.asx.com.au](http://www.asx.com.au).

### Offer Timetable<sup>2</sup>

Activity	Date
Announcement of the Entitlement Offer	30 January 2014
Mailing of the Entitlement Offer details	31 January 2014
Ex date	3 February 2014
Record Date for Entitlement Offer (7.00pm (AEDT))	7 February 2014
Information booklet and entitlement and acceptance form despatched	11 February 2014
Entitlement Offer opens	11 February 2014
Closing date for acceptances under Entitlement Offer (5.00pm (AEDT))	25 February 2014
New Shares quoted on deferred settlement basis	26 February 2014
Company notifies ASX of under subscriptions	28 February 2014
Allotment of New Shares under the Entitlement Offer	5 March 2014

<sup>2</sup>All dates are indicative only and subject to change. Viralytics reserves the right to withdraw or vary the timetable without notice.



Despatch of holding statements for New Shares issued under the Entitlement Offer	6 March 2014
Normal ASX trading for New Shares issued under the Entitlement Offer commences	6 March 2014
Anticipated date for general meeting of shareholders to ratify the First Tranche Placement and approve the Second Tranche Placement	6 March 2014
Anticipated date for settlement of Second Tranche Placement	11 March 2014

### Shareholder Enquiries

The Offer information line will be open on 11 February 2014, when the information booklets and acceptance forms are despatched:

Australian Shareholders: 1800 645 237

New Zealand Shareholders: +61 2 8280 7585

### Important Information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, or in any other jurisdiction in which such an offer would be illegal. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933 (the 'US Securities Act'), or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States, unless the securities have been registered under the US Securities Act or an exemption from the registration requirements of the US Securities Act is available.

This announcement contains certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'may,' 'should,' 'expect,' 'anticipate,' 'estimate,' 'scheduled' or 'continue' or the negative thereof or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. Viralytics does not give any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward-looking statements.

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**Enquiries:**

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**About Viralytics Ltd:**

Viralytics is developing oncolytic virotherapy treatments for a range of cancers. Viralytics' lead 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, by direct cytolysis and a possible immune response. The preferential targeting of cancer rather than healthy cells provides the potential for low toxicity in the patient. The company has completed enrolling a phase II clinical trial, of intratumourally administered CAVATAK™ in the treatment of Late stage Melanoma (the CALM study), at multiple prestigious cancer clinics in the US. Viralytics plans to commence a Phase I/II trial of CAVATAK™ being delivered systemically (intravenously). This trial referred to as the STORM (Systemic Treatment Of Resistant Malignancies) study will be undertaken in 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. Viralytics has received regulatory approval from the UK Medicines and Healthcare products Regulatory Agency and will commence the STORM trial at three prominent UK sites in early 2014.

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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