Developers of Oncolytic Immunotherapies

ASX and Media Release

Viralytics Full Year Financial Results

27 August 2014, Sydney, Australia: Viralytics Limited (ASX: VLA, OTCQX: VRACY) has released its financial results for the year ended 30 June 2014.

Financial Results

Net cash used in operating activities for the Year	$5.5 million
Cash position at the end of the Year	$24.3 million
Reported loss	$5.5 million

Operational Highlights

CAVATAK™ Phase 2 CALM Melanoma Clinical Trial (USA)

- The primary endpoint was achieved in September 2013 at an early stage in the study. The study target was to have 10 patients from a total of 54 evaluable patients (18.5%) reporting immune-related Progression Free Survival (irPFS) at six months after the first dose of CAVATAK. This target was achieved after only 30 evaluable patients, representing an irPFS rate of 33%. As at June 3 2014, 19 of 51 patients had achieved the irPFS at six months, representing a rate of 37%. Impressive overall response and survival rates were also recorded.

- The target enrolment of 54 patients was achieved in January 2014. Enrolment accelerated through 2013 and reflected strong interest from highly regarded US oncologists.

- Impressive interim results from the CALM study were presented at the two most important global oncology conferences, the American Association for Cancer Research and the American Society of Clinical Oncology, in April and June 2014, respectively. The presentations highlighted CAVATAK's anti-cancer activity in both injected and non-injected tumours, including distant lymph nodes, lungs and other distant sites. CAVATAK's favourable adverse event profile and patient tolerability were a further significant attribute.

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CAVATAK Phase 1/2 STORM Multi-dose Intravenous Clinical Trial (UK)

- A Phase 1/2 clinical trial was initiated in March 2014 to assess the intravenous activity of CAVATAK in patients with late-stage melanoma, lung, metastatic bladder and prostate cancer.
- The study is underway at three prestigious cancer centres in the UK, including the Royal Marsden in central London.
- Enrolment has been completed in the first cohort of patients, and enrolment in the second cohort is now underway.

CAVATAK Preclinical studies (Australia / UK)

- CAVATAK™ administered with an anti-murine PD-1 monoclonal antibody demonstrated enhanced anti-cancer activity in a preclinical study, significantly broadening CAVATAK's commercial potential. Anti-PD-1 mAbs are a new class of cancer immunotherapy agents with activity across a range of cancer types and future sales forecast at $US 24 billion per annum.
- CAVATAK given with traditional treatments in bladder cancer cell lines demonstrated more potent activity than for either agent alone. These preclinical results offer strong support for a clinical trial to assess CAVATAK plus chemotherapy in non-muscle invasive bladder cancer, a tumour type with high unmet need for better treatments.
- Demonstrated benefits from the combination of CAVATAK with docetaxel (reported in April 2014) in lung cancer studies provide further encouragement for our investigation in this setting in the STORM trial.

CORPORATE

- A $27.1 million capital raising was successfully completed in March 2014
- Balance sheet is strong, with sufficient cash to fund key clinical programmes through the end of 2016.
- A significant specialist healthcare institutional presence on share register has been achieved, with institutions holding 45% of total shares on issue compared to nil at end of 2013.

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"The 2014 financial year closed with the company in an excellent position and a rich pipeline of opportunities to pursue," said Dr Malcolm McColl, Chief Executive Officer of Viralytics. "The Phase 2 CALM study continues to build on its impressive body of data, and there is exciting potential for CAVATAK as a monotherapy or in combination with potential blockbuster immunotherapies in the melanoma setting. The STORM intravenous trial is well underway in a range of very important solid cancer types. In addition, the preclinical results of CAVATAK in bladder cancer points to a further significant commercial opportunity. Importantly, our strong financial position enables us to maintain momentum in the clinical development of CAVATAK and pursue the best commercial outcomes for Viralytics."

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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 completed enrolment 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 has commenced 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.

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.