



ANNUAL GENERAL MEETING

18 NOVEMBER 2015

CHAIRMAN'S ADDRESS

Dear Fellow Shareholders

Leadership/Management

It has been a most rewarding year of progress under Dr Malcolm McColl's strong leadership, adroitly backed by our technology founder and Chief Scientific Officer, Professor Darren Shafren, across our major fronts of science, drug development, and commercial partnerships.

Results

The clinical development of our lead drug candidate, CAVATAK™, remains our core focus.

A highlight of the year was the opportunity to present our outstanding Phase 2 CAVATAK final results at the most prestigious cancer conference globally, the American Society for Clinical Oncology (ASCO), which further drew favorable peer and big pharma comment.

Immunotherapy

Since the approval of the first immune checkpoint blockade drug, YERVOY® in 2011, the cancer industry, and big pharma in particular, has been in a stampede to establish a stake in the most promising area of cancer today, immuno-oncology.

Collaborations

Viralytics is well positioned to benefit from this intense interest and is actively developing relationships with major players across the industry, while also conducting important clinical trials combining CAVATAK and YERVOY, and CAVATAK and KEYTRUDA®, another approved checkpoint blockade drug.

Shareholders will have seen the announcement of the Merck KEYTRUDA collaboration in non-small cell lung cancer and bladder cancer – an outstanding result representing months and months of work – Malcolm will deal further with this in his report.

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Market Valuation

Last year I commented on the company's low valuation relative to its US peers.

I remind shareholders that our market cap in 2008/9 when I became Chairman, was in the range of \$6.0m to \$12.0m.

Fortunately the 2015 year at last saw some recognition from the investor community.

Investors saw the inherent value of your company's technology with a solid increase in market capitalisation following very favorable research coverage on Viralytics by a prominent Wall St biotechnology-focused investment bank.

Pipeline

Your company has one of the richest clinical trial pipelines on the ASX, with five studies currently underway, and is also one of the few Australian firms to be developing a drug under an FDA Investigational New Drug (IND) application.

2016 and Beyond

Looking ahead, we have sound reasons for being cautiously optimistic. We have an outstanding team - drugs don't develop themselves, people do; we have promising technology which is demonstrating anti-cancer activity in the clinic; we are well placed to benefit from the intense interest in immuno-oncology; and we remain well funded.

On behalf of the Board, I thank our management team for their exemplary contribution this year, and I also thank you our shareholders for your continued support and interest in Viralytics.

Paul A. Hopper

Chairman

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