



ASX and Media Release

Viralytics Appendix 4C Cash Flow – September 2017

25 October 2017, Sydney, Australia: Viralytics Limited (ASX: VLA, OTCQX: VRACY) is pleased to present its cash flow report for the quarter ending 30 September 2017 (Appendix 4C). The cash balance as at 30 September 2017 was \$27.7 million. With an anticipated further \$6.4 million cash inflow expected from the R&D Tax Incentive programme in the coming months, Viralytics remains in a strong position to progress the clinical programme for its CAVATAK[®] technology.

Clinical Trials Progress

Net cash outflow of \$6.2 million for the quarter was heavily focussed on clinical trials and supporting activities. The company is actively recruiting in three important studies:

- Phase 1b KEYNOTE-200 intravenously-delivered CAVATAK in combination with KEYTRUDA[®] in non-small cell lung and metastatic bladder cancer.
- Phase 1b CAPRA intratumoral CAVATAK in combination with KEYTRUDA^{®1} in Melanoma.
- Phase 1b MITCI intratumoral CAVATAK in combination with YERVOY^{®2} in Melanoma.

This follows a positive reception to excellent data reported at the AACR and ASCO annual meetings held mid-year in the USA. Further trial updates will be presented at the upcoming 32nd Annual Meeting of the Society for Immunotherapy of Cancer (SITC) in Washington DC starting on 8th November.

The company is broadening the clinical programme with combination trials in new indications planned to commence in early 2018.

‘We remain excited by the breadth of opportunities for CAVATAK.’ said Managing Director Malcolm McColl, ‘The new clinical trials, as well as pre-clinical work on combination with IDO inhibitors being presented at SITC, each point to new areas of commercial potential and have been developed following extensive dialogue with key opinion leaders and pharma groups.’

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 for the treatment of melanoma, as well as prostate, bladder and lung cancers. CAVATAK is a proprietary formulation of the common cold Cocksackievirus 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.

Enquiries:

Dr Malcolm McColl
Chief Executive Officer
02 9988 4000

Mr Robert Vickery
Chief Financial Officer
02 9988 4000

¹ KEYTRUDA is a registered trademark of Merck

² YERVOY is a registered trademark of Bristol Myers Squibb Company

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Viralytics Limited

ABN

12 010 657 351

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(4,952)	(4,952)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(824)	(824)
(f) administration and corporate costs	(475)	(475)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	124	124
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other – Intellectual Property	(37)	(37)
1.9 Net cash from / (used in) operating activities	(6,164)	(6,164)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(7)	(7)
(b) businesses (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (see item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(7)	(7)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year to date	34,274	34,274
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(6,164)	(6,164)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(7)	(7)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(373)	(373)
4.6	Cash and cash equivalents at end of quarter	27,730	27,730

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,014	1,730
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits)	25,716	32,544
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	27,730	34,274

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

159

-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

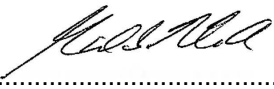
--

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	(4,958)
9.2 Product manufacturing and operating costs	-
9.3 Advertising and marketing	-
9.4 Leased assets	-
9.5 Staff costs	(660)
9.6 Administration and corporate costs	(288)
9.7 Other (provide details if material)	(143)
9.8 Total estimated cash outflows	(6,049)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity	-	-
10.2 Place of incorporation or registration	-	-
10.3 Consideration for acquisition or disposal	-	-
10.4 Total net assets	-	-
10.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:..... Date:25 October 2017.....
(Director/Company secretary)

Print name:Malcolm McColl.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.