



ASX Release

Director and Management Options for Viralytics Leadership

15 September 2015, Sydney, Australia: Viralytics Limited (ASX: VLA, OTCQX: VRACY) today announced that its Board of Directors has resolved to issue options to the Chief Scientific Officer, Dr Darren Shafren and, subject to shareholder approval at the upcoming Annual General Meeting, the Managing Director, Dr Malcolm McColl.

In addition, the Board of Directors has approved the offer and issue of options to other members of the senior management team and the offer and issue of performance rights to a number of staff.

The Board considers that options and performance rights are essential tools in rewarding, retaining and incentivising employees of the Company, and aligning interests between shareholders, directors and executives.

The number of options proposed to be granted to Dr McColl and Dr Shafren recognises their considerable past performance and the importance of retaining them and rewarding their work going forward. Their recent achievements include building relationships with key opinion leaders; advancing CAVATAK™ across multiple indications as a monotherapy and in combination with other new agents, and achieving strong institutional funding of the Company.

The options for Dr McColl and Dr Shafren will not be immediately exercisable and will be subject to the achievement of major corporate milestones in 2016 and 2017. The targets, as set and approved by the Remuneration and Nomination Committee of the Board, are designed to enhance share value creation.

The terms of the proposed options are outlined below:

Dr Malcolm McColl, Managing Director and CEO

Subject to shareholder approval at the 2015 Annual General Meeting (**AGM**), a total of 5 million unlisted options exercisable at 58.85 cents per option being the volume weighted average market price of the Company's shares on the Australian Securities Exchange over the five trading days prior to the date of this announcement (**the exercise price**).

Vesting will be in two equal tranches of 2.5 million options subject to the achievement of any one of the performance hurdles outlined below.

Each tranche of options will have three performance hurdles. Tranche 1 will vest on the achievement of any one of three performance hurdles on or before



30 November 2016. Tranche 2 will vest on the achievement of any one of three performance hurdles on or before 30 November 2017.

The performance hurdles for each tranche relate to an agreed share price hurdle, clinical development targets and corporate development of the Company. As set out above, each hurdle has been designed by the Remuneration and Nomination Committee of the Board to enhance share value creation.

All options within each tranche will lapse if a performance hurdle is not achieved within the relevant vesting period. Vested options will lapse five years after the date of issue.

Further information regarding the terms of the options will be provided in the Notice of Annual General Meeting.

Dr Darren Shafren, Chief Scientific Officer

A total of 4 million unlisted options exercisable at the exercise price of 58.85 cents per option.

Vesting of each tranche of 2 million options is subject to the achievement of any one of the performance hurdles attached to the relevant tranche of options, as outlined above.

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 Phase 1 and 2 clinical trials for the treatment of melanoma, as well as prostate, 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.

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