



ASX Announcement (382)
14 May 2010

Company Announcement Office
Australian Securities Exchange
Level 45, South Tower
525 Collins Street
Melbourne Vic 3000

**Chairman's Letter
Company Update – May 2010**

Please find attached a copy of a letter from the Virax Chairman, Michael Humphris, to be despatched today to shareholders providing an update of the Company's activities.

The above mentioned document will be made available on Virax's website www.virax.com.au once released to the market.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read 'John Morrison'.

John Morrison
Company Secretary



Virax Holdings Limited

ABN 56 006 569 106

12 May 2010

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MR JOHN SMITH 1
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THE SAMPLE HILL
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SAMPLEVILLE VIC 3030

Dear Shareholder

LETTER TO SHAREHOLDERS

I write to provide an update on the clinical progress and commercialisation plans for the Company's therapeutic treatment vaccine – VIR201, and other recent developments of note.

As shareholders would be aware, Virax is focused on developing human therapeutic vaccines to treat major global health issues, based on our patented Co-X-Gene™ technology.

VIR201 immunotherapeutic HIV vaccine

The Company's lead indication is the VIR201 immunotherapeutic HIV vaccine, which is designed to be used in conjunction with existing antiretroviral therapies to treat HIV patients across the globe. The VIR201 vaccine is proposed to lower and manage the HIV viral load and, in-turn, delay the introduction of antiretroviral therapies in the treatment process and provide the patient with a drug-free period in their treatment regime.

The global market for HIV medications is projected to grow to \$US 15.1 billion in 2017 (source: Datamonitor). Antiretroviral therapies currently make up a significant component of this market and carry many unwanted side effects, including acute and chronic toxicities and the potential for drug resistant viruses to emerge. Both these points highlight the major global market opportunity for the VIR201 therapeutic vaccine to offer a safe, non-toxic treatment solution for HIV patients.

At the same time, immunotherapy treatment vaccines, such as VIR201, are gaining widespread acceptance as a key component in the treatment of major diseases, as evidenced by the U.S. Food and Drug Administration's (FDA) approval last month for Nasdaq-listed company Dendreon Corporation (Nasdaq: DNDN) to commence sales of its Provenge immunotherapy vaccine for the treatment of prostate cancer. This represents the first commercially approved and available immunotherapy vaccine on the market and provides additional confidence for Virax to progress our commercialisation plans for VIR201.

South African Clinical Trial for VIR201

The Company is now in the final stages of its major Clinical Trial for VIR201 in South Africa. The South African trial represents a significant point in the commercialisation pathway for VIR201, as it is designed to further boost the immune response observed in previous trials conducted in Australia, over a much larger patient population.

The current trial is using a more purified and higher dose of the VIR201 vaccine and the Company is anticipating that this would have the positive effect of promoting a stronger immune response, the primary endpoint for the trial. The generation of a stronger immune response by a therapeutic vaccine would be predicted to have a greater effect on HIV viral load.

As the trial is "double blinded", there is no data available to patients, investigators or Virax as Trial Sponsor until data lock is achieved.

The Company will have the South African trial reviewed by an independent data safety monitoring board this month, and then expects the laboratory analysis completed in June, followed by the release of the South African VIR201 Clinical Trial results around late July.

We are excited at the prospect of delivering these trial results to our shareholders and the market, and will release details to the market as they become available.

Virax Holdings Limited ABN 56 006 569 106

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Funding for VIR201 Development

The Company remains well funded to pursue its clinical development and commercialisation plans for VIR201.

It received \$US6 million in funding for the South African Clinical Trial from a consortium of global and Southern African resource companies led by BHP Billiton. This funding was non-dilutive to the Company, which has helped to advance the value of Virax's intellectual property.

The Company is well placed to secure further external funding for the future development of VIR201. Our aim is to seek additional funding for the development of VIR201, based on the delivery of successful trial results from the current South African trial, and we will keep the market informed of our activity on this front.

Strategic Out-Licensing of Virax's Co-X-Gene™ Technology

In addition to the internal development of our patented Co-X-Gene™ technology via the product development of the VIR201 immunotherapy vaccine for HIV, the Company has also undertaken to add value and validate the technology via strategic out-licensing.

As you would be aware, Virax has successfully out-licensed the Co-X-Gene™ technology to major French bio-pharmaceutical company Transgene for use in two highly advanced cancer vaccine products.

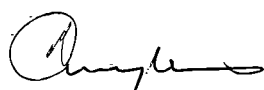
Transgene is a world leader in therapeutic cancer vaccines, and our out-licensing strategy has allowed the Company's technology to be tested more widely in other therapeutic areas without the use of shareholder funds. This approach both minimises risk to shareholders and allows them to benefit from value-adding milestones delivered by our out-licensing partner.

Of most recent note is an option agreement in March this year between major global pharmaceutical group Novartis and Transgene, on Transgene's TG4010 lung cancer vaccine, which will deliver to Transgene up to approximately €700 million, contingent on the exercise of the option by Novartis and the successful achievement of milestones in various indications. This payment to Transgene brings with it significant financial return to Virax via the out-licensing agreement with Transgene.

We also continue to assess opportunities with other biotechnology companies and clinical programs to add to the Company's vaccine product portfolio which have the potential to deliver added value for our shareholders. This process is ongoing and we will update the market on any developments as they come to hand.

To conclude, I would like to take the opportunity to thank all shareholders for their continued support of the Company and its goals to develop immunotherapy treatment solutions for major health issues. I look forward to bringing you further news on the development of our VIR201 therapy vaccine for HIV over the coming months.

Yours sincerely



Michael Humphris
Chairman
Virax Holdings Ltd