NB: this is a summary translation of the press release original drafted in Japanese for the disclosure required in compliance with the TSE regulations.

19 August 2016

Oncolys BioPharma Inc.

Notice of Establishment of Overseas Subsidiary in the US

The Board of Oncolys BioPharma ("Oncolys") is pleased to announce that it resolved at its board meeting today to establish a wholly owned subsidiary in the US as below.

1. Reasons for establishing subsidiary

Oncolys' board resolved to establish a 100% owned subsidiary, Oncolys USA Inc. ("Oncolys USA"), in New Jersey, to forge ahead with business development operations and R&D activities in the United States. With its new base in North America, Oncolys USA will play an active role in licensing activities for pipelines led by oncolytic virus OBP-301 (Telomelysin®), leveraging its existence in the US to enhance the relationship and to expand the network with overseas counterparties and a number of clinical trial institutions.

2. Subsidiary company outline

（1）	Company Name:	Oncolys USA Inc. (provisional)
（2）	Address:	New Jersey, USA (provisional)
（3）	Representative:	Yasunari Kashihara, CEO
（4）	Businesses:	Business Development and R&D of drugs and diagnostics agents
（5）	Capital:	$1 (Additional paid-in-capital $100,000 (provisional)
（6）	Ownership:	100.0% owned by Oncolys BioPharma Inc.
（6）	Establishment:	September, 2016 (provisional)

3. Future outlook

The announcement above will not significantly affect Oncolys' earnings for the fiscal year ending 31 December 2016. A prompt disclosure will be made in case any revisions or matters which may influence the said earnings should be anticipated.

END

About OBP-301 (Telomelysin®)

Telomelysin® is a therapeutic modality derived from adenovirus. Telomelysin® is generated by replacing the normal transcriptional regulatory element of the E1A gene in the human adenovirus type 5 with the human telomerase reverse transcriptase (hTERT) promoter. Telomerase is an enzyme expressed in approximately 90% of all types of cancer cells. The hTERT promoter is the key for the expression of telomerase, as well as for the complete replication of chromosomal ends. Telomelysin® is able to achieve a high replication rate, due to the internal ribosome entry site (IRES) gene inserted between the E1A and E1B genes. ***Clinical Research****: esophageal cancer (clinical investigation, in combination with radiotherapy, Okayama University, Japan), hepatocellular cancer (Phase I/II, with Medigen Biotechnology Corp., Taiwan/South Korea), melanoma (Phase II planned in 2016).*

About Oncolys BioPharma Inc.

Oncolys BioPharma is a TSE Mothers-listed biopharmaceutical company with focuses on the development of novel biologics for the treatment of cancer and infectious diseases. The company's lead product for the treatment of cancer, OBP-301 (Telomelysin®), is based on replication-competent oncolytic virus, and is being tested in Phase I/II clinical trial in Asia, for various solid tumors. A novel cancer diagnostic product, OBP-401 (TelomeScan), is expected to be effective in detecting various types of cancer and inflammatory diseases and adopted in several private practices. The company also has a major program OBP-601 (Festinavir) for infectious diseases, which has completed Phase II clinical trial in the U.S. for HIV/AIDS therapy, supported by BMS. OBP-601 is a novel NRTI with highly promising safety and resistance profiles. For more additional information, please visit www.oncolys.com

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