Phylogica

Partnering & Other Non Equity Diluting Strategies

18 October 2011

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PHYLOGICA
FROM PROTEINS TO THERAPIES

Change of Strategy

Phylogica re-invented itself as a Platform Company in 2009

- From classical beginnings...
- ...why we changed our strategy...
- ...where are we now...
- ...how our share register has changed...
- ...what lessons have we learnt...
- ...what is ahead

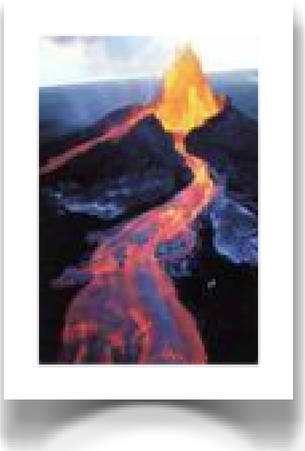
Founded on Strong Fundamentals

Proprietary Technology
World's largest and most structurally diverse peptide libraries

- 2003: spun out from collaboration between Telethon Institute for Child Health Research in Perth and Fox Chase Cancer Centre in Philadelphia

- Phylomer peptide libraries encoded from biodiverse bacterial genomes, environments like volcanic streams, geysers and deep sea vents

- Dominant intellectual property over entire drug class



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Adopted Tried & Tested Strategy

Classical Biopharma Model

Develop in-house pipeline to preclinical or clinical PoC then out-license

- 2005: IPO on Australian Stock Exchange raising AU$5 million
- 2009: three drug candidates advanced to in-vivo studies
  - Raised additional capital of approx AU$10 million
  - Cash burn of approx AU$5 million per annum
- Significant Pharma interest but no partnerships

Experienced Familiar Challenges

Not enough runway to deliver on strategy

The single largest challenge was CASH

- It dictated how many programmes we could pursue
- It dictated to what stage we could advance each programme
- It dictated how fast we could advance our programmes
- The world economy made access to new capital even harder

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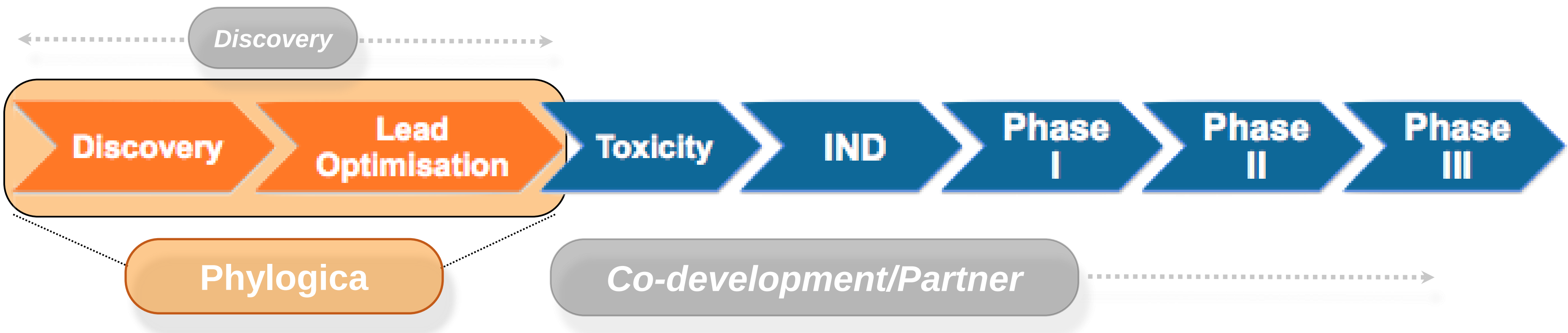
Change of Strategy in 2009

Platform Technology Model

Establish discovery-alliance business as core driver of revenue growth



- Build long-term value through milestones and royalties
- Secure increasing share of down-stream value
- Fund co-development and in-house programmes from surplus cash flow

Two Years Later

Phylomer Libraries	Rapid Screening	Hit-to-Lead Conversion	Lead Optimisation	Drug Candidate Enhancement
Multiple formats depending on nature of target	Proprietary high-throughput screening methods	Core expertise in functional analysis of peptides	Technologies for maturation of lead candidates	Technology to extend half-life for clinical use enhance clinical enhancement

Assembled a world-class ‘one-stop-shop’ integrated drug discovery platform

- Proprietary technologies for rapid screening of libraries against drug targets
- Network of academic and biotech collaborators with synergistic technology
- State-of-the-art infrastructure and laboratory automation technology

Partnerships with 3 Top-10 Pharma

Roche

- Collaboration to discover cell-penetrating peptides in December 2009
- Successful completion of initial research objectives in February 2011
- Expanded to discover peptides that cross blood-brain barrier in May 2011

MedImmune (AstraZeneca)

- Collaboration to discover novel antibiotic peptides in August 2010
- Total deal value of up to US$100M & royalties on worldwide sales

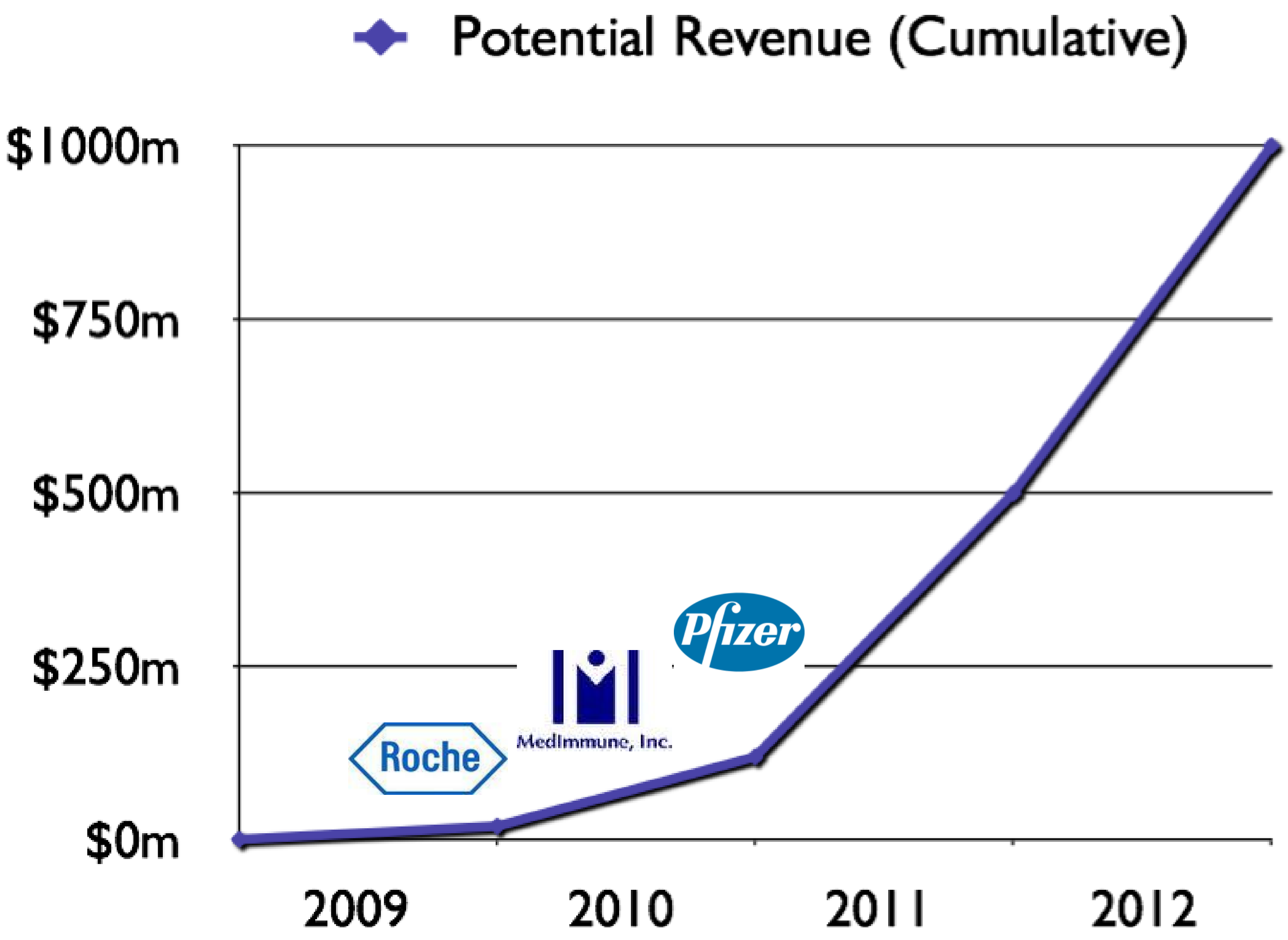
Pfizer

- Collaboration to discover novel peptide vaccines in December 2010
- Total deal value of up to US$135M & royalties on worldwide sales

Objective to Add 3 New Partnerships in FY2012

Rank	Company	Signed	Activity	Value
1	Johnson & Johnson			
2	Pfizer	2010	Therapeutic peptide vaccines	>US$134M
3	Roche	2009	Cell-penetrating & blood-brain delivery	NA
4	GlaxoSmithKline			
5	Novartis			
6	Sanofi-Aventis			
7	AstraZeneca (MedImmune)	2010	Antibiotics for hospital-acquired infection	US$100M
8	Abbott			
9	Merck & Co			
10	Bayer			
11	Eli Lilly			

Leveraging Discovery Alliances to Build Value



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Increased our Institutional Shareholding

Added new institutions as major shareholders

- NAOS Asset Management: 10%
- Australian Heritage Group: 8%
- Telethon Institute of Child Health Research: 8%
- Ascent BioMedical Ventures: 5%
- Management: 4%

Lessons Learnt & Still Learning

Pharma Negotiations

Discovery deals take just as long to close as licensing deals

Fee-for-Service Margins

Partners demand value for money on research funding $'s

Managing Expectations

Delivering on revenue guidance is key to share price performance

Robust Finances Supported by Revenue

- FY2011 results in line with expectations
  - Revenue of A$2.5 million (+259% vs. FY2010)
  - Net loss narrowed to A$3.6 million (vs. A$4.6 million)
- Analysts estimate +100% revenue growth in FY2012
- Net cash of A$5.2 million at 30 June 2011
- Positioned for cash flow sustainability in 2012/2013

Summary

- Assembled world-class peptide drug discovery platform
- Successfully validated ‘Alliance Model’ with three pharma partners
- Strong institutional shareholder base
- Anticipate rapid revenue growth based on current and prospective deals
- On track to achieve cash sustainability

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