



The Company Announcements Platform
ASX Ltd
Sydney NSW 2000
January 03, 2012

PHYLOGICA: SHAREHOLDER UPDATE

Dear Shareholder

I am delighted to report that Phylogica Ltd (ASX: PYC, XETRA: PH7) has signed its fourth partnership with a major pharmaceutical company. Today, we have announced a Collaboration and Option agreement with Janssen Biotech, Inc., which is one of the Janssen Pharmaceutical Companies of Johnson & Johnson. This partnership has the broadest scope of any of our collaborations to-date and could lead to the development of multiple Phylomer®-based products.

With the addition of Janssen, Phylogica has signed deals with four of the top five global pharmaceutical companies; and has made demonstrable progress over the last 12 months with all its collaborative discovery programmes. Our collaboration with MedImmune, the biologics arm of AstraZeneca, has recently advanced to the final stage of the research plan. Furthermore, in December 2011, we reported the successful completion of the first stage of our collaboration with Pfizer. These milestones followed our announcement earlier in 2011 that we successfully achieved the objectives in our research alliance with Roche.

Financial Update

We are maintaining our financial guidance for FY2012 of 100% growth in commercial revenue versus FY2011 and a modest increase in operating costs. For the three months ending 31 December 2011, we generated revenue of approximately \$1.3 million from our commercial deals. Our recent share placement in December 2011 raised new capital of \$2 million, which will be used to support further investment in our Phylomer drug discovery platform and to strengthen our negotiating position with prospective Pharma partners.

Outlook

There is clear momentum in our discovery alliance activities now that Phylogica has established itself within the industry as a value-added collaborative partner. The next 12 months promises to be a transformational period for Phylogica given the quantity and quality of our current discussions. We are pursuing several opportunities that could represent significant value inflection points for the Company given their scope and potential value. In summary, we believe that we are well positioned to achieve meaningful milestones in 2012 and generate significant value for shareholders, based on our current expectations.

Doug Wilson



CHAIRMAN

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For further information, please contact:

Nick Woolf
CFO & VP, Corporate Development
Tel: +61 417 986 005
nwoolf@phylogica.com

Rudi Michelson
Monsoon Communications
Tel + 61 3 9620 3333

About Phylogica

Phylogica Limited (ASX: PYC) is a biotechnology company based in Perth, Australia, and Oxford, UK, with a world-class drug discovery platform harnessing the rich biodiversity of nature to discover novel peptide therapeutics. The Company was incorporated in 2001 as a spin out from the Telethon Institute for Child Health Research (Perth, Australia) and the Fox Chase Cancer Centre (Philadelphia, USA). The Company's drug discovery platform is based on its proprietary Phylomer[®] libraries of natural peptides, which have been optimised by evolutionary selection to have stable drug-like structures. Phylogica offers fully integrated drug discovery services to the pharmaceutical industry utilising its Phylomer[®] libraries and proprietary screening technologies. Its current partners include Roche, MedImmune (AstraZeneca), Pfizer and Janssen Biotech (Johnson & Johnson).