

Chairman's Address – 2017 Annual General Meeting

PERTH, Australia, 27th November 2017: Phylogica Limited (ASX:PYC) (**Phylogica** or the **Company**), provides the Chairman's Address from the 2017 Annual General Meeting

CHAIRMAN'S ADDRESS

Good afternoon everyone, on behalf of myself and our Board of Directors here today, I would like to welcome you to Phylogica's 2017 AGM – we appreciate you taking the time to attend.

It has been a year of transformative change for Phylogica, and we believe our work over the last 12 months has put your company in a much stronger position to advance our unique platform technology into meaningful commercial applications.

A key objective during the year was refreshing our executive team to ensure that the skills and capabilities which served us so well in R&D/ discovery are complemented with pharma, commercial and strategic capability.

Since the joining of Dr Rob Hayes as CSO in April, and my appointment as CEO in June, we have established a new look and feel for the company which includes proactive interactions with the investment market, utilization of new communication channels to tell our story, plus positive engagement with existing and potential new pharmaceutical customers. We now have real-time links into the USA pharma and academic worlds thanks to Rob's location in San Francisco, his work history and connections – all of which we are leveraging for PYC's benefit.

Our platform is a global opportunity therefore our engagement with these stakeholders has an international focus. Over the last 4 months we have met with Investors, potential new ones and existing, in Sydney, Melbourne, Adelaide, Perth, Hong Kong, Singapore and London. These conversations are the first of many – and we will be checking in regularly with these connections as we have progress and data to share.

In addition to refreshing our executive, we have also established an excellent strategic resource with the creation of a Scientific Advisory Board which includes Dr Judy Lieberman and Dr Stephen Doberstein, both world class experts in intracellular delivery and disease biology. We are already engaging with these experts for example on our draft publication. This has been through peer review now and is ready to re-submit to determine suitability for publication. But this advisory board is again another validation of our technology and company strategy, because people of high reputation are willing to put their names along-side ours –and are excited to be working with us.

Also joining our scientific advisory board is Professor Paul Watt, who we announced this week would not stand for re-election as a director of Phylogica due to his substantial commitments on the Telethon Kids Institute leadership team.

I would like to personally thank Paul for his service to the company since its founding as both an executive and more recently as a director – his deep knowledge and ongoing support of the novel biologics platform we are developing is highly valued, and we are grateful that he will continue to work with Dr Rob Hayes in providing services to the company.

We are also very pleased to have completed a successful fundraising this year, providing sufficient runway to the end of next calendar year, giving us the CY to pursue Pharma deals as our primary source of non-dilutive funding. We will have (with the two R&D rebates) approximately \$8M in cash to see us through CY18. Pharma collaborations are a key recognition of our science and we are progressing actively with many Pharma targets - currently preparing for 5-6 science presentations in the States on our platform; are actively discussing a research plan as Rob Hayes had foreshadowed he would have in front of me before the year end and have in train a number of queries to run feasibility studies (out of Bio Europe). We are doing everything we can to deliver on our goal to get to sustainable cash flows from collaborations. We hope you will bear with us on this effort having ramped up the business development activity significantly post strategy review and supporting this throughout 2018 with a strong validation emphasis in the science program to assure Pharma we are diverse and our FPPs deliver.

Core to all our activity has been a heavy investment in Phylogica's corporate strategy. As soon as Rob and I were on deck, we gained Board support to retain the services of a leading international consultancy company with deep Pharma experience, and serving numerous of the top Pharma companies known to us who we target for their business. The investment was significant but we feel it was an investment we needed to make to take this company forward and draw a line away from the past. Our Pivot to the Platform strategy is the culmination of three months of intense work with our whole team and Board, looking hard at our IP; our plans for iMyc; the work we have done on proving the value of our FPPs and our libraries. We coupled this with deep review of the competitive and pharma landscape and our own skills and capabilities to come up with our go forward Company's strategy – Phylogica- Pivot to the Platform – with strong execution planning in place to support the next effort post launch. Our Platform strategy is fully aligned to the unique things we have (and do) that create value.

The work confirmed our ingoing hypothesis that the value in PYC is in the platform and serving Pharma customers with delivery into the intracellular space. Our single assets under development such as iMyc; Stat5 and YB1 have served us well to validate the platform – but they do not provide an operating model capable of generating near term sustainable cash flows – due to the difficulty and length of time to take through the clinic. A task best suited to Pharma with deep pockets and technical breadth and depth. Our single assets are for out licensing – it is our platform that will unlock the return on investment we all expect in 2018.

A key element of the new strategy is a comprehensive scientific program for 2018 based on the validation of our matrix which will feature in the detailed scientific presentation given by Dr Katrin Hoffman, Director of Scientific Operations. Our validation efforts need to be flexible so that we can substitute Customer work for PYC funded validation as soon as we commit to a Pharma research plan.

I would like to take a brief moment to acknowledge and thank our drug discovery team – some of whom are here in the room today. This group of dedicated, hard working, clever and technically proficient people have wholeheartedly embraced the new executive; the work we needed to do to formulate our strategy and the big ask on working out the scientific program and supporting budget for 2018. The input, enthusiasm, help and support this whole team give

Rob and me and each other is just tremendous. We are now producing our work in a way that our customers and potential investors can really grasp– this team’s work enables Rob and me to really take the conversations to the next level. I can’t thank you enough team and am privileged to work with you all. Finally, I would like to thank the Board who stand together convinced that our strategy is a winning one and supportive of the new executive to deliver. We know the Board has much to offer and will be supportive of the whole team through this transformative phase of proving the diversity of our intracellular delivery platform to lock in value from Pharma.

That concludes my Chairman’s Address.

Stephanie Unwin

Chairman

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About Phylogica

Phylogica Limited (ASX: PYC) is a biotech company focused on commercialising its intracellular drug delivery platform and panning its Phylomer libraries to identify drug cargoes for development against a wide range of disease targets. Phylogica controls access to the world’s most structurally diverse source of peptides called Phylomers, which have the ability to act as effective drug delivery agents and drug cargoes, penetrating cell walls to reach previously ‘undruggable’ targets across a range of disease types. Phylogica’s platform of proprietary cell penetration peptides is showing promise in delivering a diverse range of drug cargoes into cells, and the company’s lead asset program has identified a phylomer which can inhibit Myc, a protein responsible for the regulation of cancer cell growth. The company has had collaborations with several pharmaceutical companies including Roche, Medimmune, Pfizer, Janssen and is currently working with Genentech.

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