

Re-capitalisation

Phylogica (ASX:PYC) is the owner of a peptide library containing the extraordinary richness and diversity of nature. We are using these libraries to develop a drug delivery platform capable of reaching the highest value drug targets located inside cells. Our delivery platform enables drug cargoes to cross the cell membrane and directly reach their target.

12 September 2018: Phylogica is pleased to announce that it has received firm commitments to raise \$9.12 m (before costs) through a placement of shares to both new and existing sophisticated and institutional investors at a price of 3 cents per new security.

Use of funds

The successful completion of proof of concept work in 2018 sets Phylogica on the path to clinical (human) validation of its platform. Phylogica will use the funds raised to accelerate its path towards first in human trials of its Cell Penetrating Peptides (CPPs). Over the next 12 months Phylogica will deliver:

- our 'second generation' CPPs from the recently enriched peptide libraries;
- evaluation of the ability of our CPPs to deliver a drug cargo in a therapeutic model of disease (animal model); and
- initiation of the enabling studies required to lodge an Investigational New Drug (IND) application with the United States Food and Drug Administration (FDA).

With the completion of this funding round, Phylogica now has:

- a clear strategy for building shareholder value through clinical validation of its platform;
- an outstanding operational team with the skills required to execute on the strategy; and
- the funding required to accelerate into the clinic.

Details of the raise

The placement will occur in two tranches. The first tranche of \$4.4m, approximately 146.67m shares to unrelated parties will be conducted within the company's existing Listing Rule 7.1 placement capacity and will complete on 21 September 2018. The second tranche of \$4.7m, approximately 156.67m shares to related parties will be placed subject to shareholder approval before completion after the company's annual general meeting which is expected to occur on or about November 2018.

The company will pay a placement fee of 5% of funds placed to subscribing shareholders.

ENDS

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About Phylogica

Phylogica Limited (ASX: PYC) is a biotech company focused on commercialising its intracellular drug delivery platform and screening its peptide 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 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 penetrating peptides has been validated across multiple animal models for the ability to deliver a diverse range of drug cargoes into cells. The company has collaborations with several pharmaceutical companies including Roche, Medimmune, Pfizer, Janssen and Genentech.

Forward looking statements

Any forward-looking statements in this ASX announcement have been prepared on the basis of a number of assumptions which may prove incorrect and the current intentions, plans, expectations and beliefs about future events are subject to risks, uncertainties and other factors, many of which are outside Phylogica's control. Important factors that could cause actual results to differ materially from assumptions or expectations expressed or implied in this ASX announcement include known and unknown risks. Because actual results could differ materially to assumptions made and Phylogica's current intentions, plans, expectations and beliefs about the future, you are urged to view all forward-looking statements contained in this ASX announcement with caution. Phylogica undertakes no obligation to publicly update any forward-looking statement whether as a result of new information, future events or otherwise.

This ASX announcement should not be relied on as a recommendation or forecast by Phylogica. Nothing in this ASX announcement should be construed as either an offer to sell or a solicitation of an offer to buy or sell shares in any jurisdiction.

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