

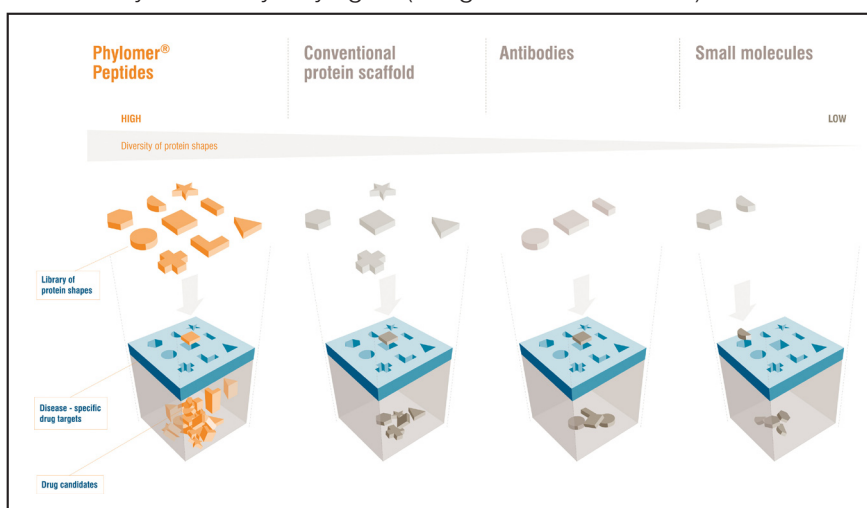
CORPORATE OVERVIEW

KEY FACTS

- Incorporated in 2001 as a spin out from Telethon Institute for Child Health Research (Perth, Australia) and Fox Chase Cancer Center (Philadelphia, USA)
- Listed on Australian Stock Exchange March 2005 (ASX Code:PYC)
 - Shares on issue: 235,751,764
 - Top 12 shareholders own more than 50 percent of the company
- Investment Capital to date: ~US\$20M
- NIH (4 in total) and Australian grants to develop technology platform totalling: ~US\$5 Million

TECHNOLOGY

- A drug discovery and development company exploiting the enormous structural diversity encoded within biodiverse proteins
Watt, PM. Nature Biotechnol. 24, 177-183 (2006)
- Extensive natural peptide libraries, derived from 30 fully sequenced bacterial genomes – library size of several billion peptides, constituting the most structurally diverse peptide libraries available
- Able to screen against targets inside and outside disease cells
- Hit rates from Phylomer® libraries are significantly higher than with conventional random peptide libraries
- Naturally high affinity and target-selective binders
- Comprehensive bioinformatics of sequences via integrated relational databases
 - Identification of sequence or structural relationships between hits or with the protein databank, to facilitate SAR for maturation.
- Useful primary half-lives (ie. >12 hours *in vitro* [human plasma] and 100 minutes *in vivo* [rats]) before PEGylation
- Proven efficacy in both *in vitro* and *in vivo* disease models before affinity maturation
- 16 patent families; dozens of granted or allowed patents; 27 patent applications in US, EU, Australia, Japan
- IP wholly owned by Phylogica (assigned from founders)



VALUE PROPOSITION FOR BIG PHARMA/BIOTECH

- Most structurally diverse libraries available for the discover of novel peptides
- Access to large and proprietary library in multiple formats compatible with a variety of screening platforms
- Rapid generation of primary drug hits of high quality (low nM to pM)
- Able to screen against both intracellular and extracellular targets – valuable target validation tool and screening platform

Watt, PM. et al (2006) Expert Opin. Drug Discov. 1 (5): 492-502

- Ability to tailor libraries for customer needs – eg. enrich or deplete for structures with disulphide bonds for intracellular and extracellular targets, respectively or to select for thermal stability
- Hits amenable to multiple approaches for rapid affinity maturation and half-life extension

COLLABORATIONS

Numerous partnerships with commercial and academic sites across the globe:

- Johnson & Johnson Research Australia
- Opsona Therapeutics (focused on TLR pathway) (Dublin, Ireland)
- Mimotopes (Melbourne, Australia)
- Nexigen GmbH (Bonn, Germany)
- Accuro Biologics (Aberdeen, UK)
- Insymbiosis (Montreal, Canada)
- IMBcom (Brisbane, Australia)
- McComb Foundation (Perth, Australia)
- Isogenica (Cambridge, UK)
- The MRC Hutchison Institute (Cambridge, UK)
- Hoffman La-Roche (Basel, Switzerland and Nutley, New Jersey)

SECTOR DYNAMICS

Considerable M&A activity driven by desire to secure access to next generation drug discovery engines in the antibody and protein scaffold space

Date of acquisition	Details of companies and value of acquisition	Development phase at time of acquisition
Oct 2007	Haptogen acquired by Wyeth (value undisc)	Pre-clinical
Sept 2007	Adnexus acquired by BMS (US\$415m)	Phase I
May 2007	Evogenix acquired by Peptech (US\$123m)	Pre-clinical
May 2007	Biorexis acquired by Pfizer (value undisc)	Pre-clinical
Feb 2007	Avidia acquired by Amgen (US\$380m)	IND Filed
Dec 2006	Domantis acquired by GSK (US\$453m)	Pre-clinical
May 2006	CAT acquired by AstraZeneca (US\$1.3b)	On Market

KEY MILESTONES

Ultimate aim is to generate a sufficiently attractive data pack and technology capability to result in the company being acquired for values similar to other transactions in the space. The key milestones that the company has focused on achieving in the last 12 months are listed below:

- i. Demonstrated ability to interact with extracellular targets with high affinity (low nM to pM)
- ii. Demonstrated ability to increase potency of hits from our libraries (eg. CD40L hits)
 - Different external & internal programs employing a number of approaches to affinity maturation (multimerisation and mutagenesis)
- iii. Demonstrated functional blockade of biological pathways of inflammation (eg. CD40L, Mal)
- iv. Demonstrated improved PK properties
 - Different external & internal programs (HSA binder, PEGylation etc)
- v. Demonstrated ability to interact with intracellular targets
 - PYC35 (burns/wound healing program)
 - PYC36 (stroke/brain trauma program)
 - Adaptors in TLR pathway (Opsona program)
- vi. Demonstrated platform applicability to other disease areas
 - Validation of Phylomer® antimicrobial hits against multi-resistant clinical isolates from hospital acquired infections

BUSINESS MODEL

Focus on discovery partnerships with big pharma like other successful specialist drug discovery companies (eg. Morphosys, Evotec, Galapagos and Evolva). All deals/grants entered into are designed to further validate the company and build its capital asset in the Phylomer libraries. Discovery alliances allow access to early revenue, eliminate clinical development risk while retaining upside from clinical candidates developed by Phylogica's pharmaceutical partners.

Offerings for large pharmaceutical partners:

- i. Custom-built libraries for such customers
- ii. Collaborations with third parties to block their targets for upfront fees, milestone payments and royalties on resultant drugs (deal-flow beginning)
- iii. Licensing of internal drug pipeline (focus on antimicrobials and anti-inflammatories)

BOARD & MANAGEMENT

- Executive Chairman: Dr Doug Wilson (former Global Head of Medicine, Boehringer Ingelheim)
- Dr Paul Watt: Phylogica Chief Scientist and CEO (doctoral degree and post doctoral training at Oxford & Harvard Universities)
- Harry Karelis (MD, Titan Bioventures)
- Bruce McHarrie (former Assistant Director Rothschild Biosciences, UK)
- Dr Richard Hopkins: Chief Operating Officer
- Anthony Barton (Chairman, Australian Heritage Group, Cornerstone investor)
- Nick Woolf (Non-Executive Director)

BOARD OBJECTIVES

- Build a company that will be acquired for in excess of US\$200 million over next 24 months
- Focus on completing data set through both internal and external programmes
- Remain opportunistic for strategic M&A to build a complementary suite of technologies that enhances the capital value of the company for a prospective acquirer
- Building links with internationally recognised investment groups that can see the opportunity to be involved in Phylogica's growth strategy

OPPORTUNITY FOR INVESTORS

- At current levels Phylogica is valued at historic lows and well below its international peers
- Significant strategic collaborations that are expected to bear fruit in the next few months
- Significant technical achievements due over the next six months that will add significant value to the platform
- The underlying potential has only increased over the past 24 months with exciting developments and milestone achievements
- Phylogica clearly sits in a highly attractive sector for the pharmaceutical/ biotechnology companies
- The Board is aware of what is required to complete the data pack and who to partner with to expedite the process
- The proprietary nature of the technology and the milestones achieved are competitive
- Opportunity for investors is to generate 10-20X uplift from current levels as the plan is executed
- **Consolidation of complementary technologies (affinity maturation, automated screening, delivery technologies etc) together with Phylogica's drug discovery engine offers an opportunity to create a significant, internationally valuable company**

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