



25th February 2009

Perth, Western Australia

PHYLOGICA SECURES \$1M CORNERSTONE INVESTMENT IN CAPITAL RAISING PROGRAMME

The Board of Australian drug discovery company Phylogica Limited (**ASX:PYC**) today announced it had secured a \$1 million cornerstone investment from the Company's largest shareholder, Biotech Capital Ltd, as part of a very new and important step forward in the company's development.

The company proposes to raise up to \$4.24 million, subject to shareholder approval at a meeting to be held on 27th March.

The recent achievement by the company to satisfy key technical milestones has validated the Phylomer drug discovery platform and the appointment of Dr Doug Wilson as Executive Director will guide the company through its next stage of development focused on securing commercial partnerships with leading international pharmaceutical companies.

The Phylogica business model is now to exclusively screen Phylomer peptides to make drugs for client companies, at their expense and at no risk to Phylogica. Payments will be made up front with additional payments received on hitting prescribed milestones, and royalties on commercialisation of new drugs.

Recent collaborations between companies pursuing this commercial model and major pharmaceutical companies have generated returns in the hundreds of millions of dollars. The new Phylogica data now clearly demonstrate the world-class potential of the Phylomer technology.

A notice of general meeting has been issued separately by the Company. The meeting will be held on 27th March 2009 and the business of the meeting will be to approve:

- The issue of convertible notes to the value of \$1.04 million to directors or their associates;
- The placement of up to 24 million shares at 5 cents per share to raise up to \$1.2 million
- The placement of convertible notes for up to an additional \$2 million.

For further information, please contact:

Phylogica Dr Doug Wilson Executive Director +64 21 309 686 jdoug.wilson@xtra.co.nz	Phylogica Mr Harry Karelis Deputy Chairman +61 413 056 328 hkarelis@titanbioventures.com
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Phylogica Ltd (ASX: PYC) (www.phylogica.com) is a biotechnology company involved in drug discovery, using its proprietary Phylomer® peptide libraries. Phylomer® peptides are stable fragments of naturally-occurring proteins which bind tightly and specifically to disease targets. Phylomer® peptides have drug-like properties, including specificity, potency, stability and flexible production, allowing for chemical or recombinant means of manufacturing. In addition, these unique peptides are able to block both extracellular and intracellular disease targets. Phylogica's proprietary Phylomer® libraries are collections of hundreds of millions of Phylomer® peptides that represent a rich source of drug leads for a broad range of disease targets.

Suite 3, 257 York Street, Subiaco WA 6008
PO Box 8207, Subiaco East, WA 6008
Tel: (08) 9423 8888 Fax: (08) 9382 1766
www.phylogica.com
ABN 48 098 391 961