

PHYLOGICA

BEYOND ANTIBODIES

Phylogica announces first commercial partnership with international biotech company Opsona Therapeutics on inflammatory disease

Key points:

- Agreement with Ireland-based Opsona Therapeutics to develop Phylomer® drugs targeting inflammatory diseases
- Intended outcome is to out-license the relevant technology to Opsona resulting in a revenue stream to Phylogica.
- Opsona's recent partnering deal with multinational group Wyeth Pharmaceuticals (NYSE:WYE) in the area of inflammation is strong validation of their capabilities and technology
- Opsona is a strong international partner for Phylogica both in terms of its complimentary technology and its extensive support from investors and the pharmaceutical industry

Perth, Australia, 16 March 2006: Drug discovery company, Phylogica (ASX: PYC) has announced its first commercial partnering agreement with international biotechnology company Opsona Therapeutics to develop a new class of Phylomer® drugs targeting inflammatory diseases.

Ireland-based Opsona Therapeutics is a leader in immunology having recently completed a deal with multinational drug company Wyeth Pharmaceuticals (NYSE: WYE) for the discovery, development and commercialisation of compounds to treat inflammatory diseases. Opsona is considered a strong international partner for Phylogica both in terms of its complementary technology and its interactions with leading investors and industry.

Following successful completion of the agreement, the intention of both parties is for the relevant Phylomer® compounds to be out-licensed and developed by Opsona, with Phylogica to share in the revenue stream. Phylogica could expect to receive customary payments for a deal of this stage, including royalties on sales.

"Phylogica continues to identify collaborations that advance our Phylomer® technology, expand the pharmaceutical applications and generate early revenue," said Dr Stewart Washer, CEO of Phylogica. "Partnering with Opsona supports our internal development of Phylomers® for anti-inflammatory treatments."

The collaboration is in the area of Toll Like Receptors (TLRs) and T-regulatory cells. These targets have been implicated to play a key role in a number of inflammatory diseases including sepsis, asthma, autoimmune diseases and atopic dermatitis. Similar to the TNF receptor inhibitor drugs that are a billion-dollar market for

rheumatoid arthritis, the TLR receptors and T-regulatory cells hold significant promise to treat inflammatory diseases.

"Phylomers® are a novel and exciting approach to targeting these inflammatory pathways," said Dr Heffernan. "We are very pleased to be working with a key player in drug discovery such as Phylogica, whose skills complement our development capabilities".

Two of Opsona's three academic founders from Trinity College Dublin are Profs Kingston Mills and Luke O'Neill, who were awarded the prestigious Irish Society of Immunology Medal in 2003 and 2004, respectively. Opsona has numerous patents filed in the inflammatory area and key relationships within the pharmaceutical industry.

Phylogica's agreement with Opsona is the latest in a series of strategic collaborations between Phylogica and leading groups to develop Phylomer® drugs for inflammatory diseases such as stroke, rheumatoid arthritis, diabetes as well as burns injury. Phylogica's other collaborations include Baker Institute for cardiac disease, Garvan Institute for Medical Research for diabetes, McComb Foundation for burns treatment, University of Melbourne for rheumatoid arthritis and Australian Neuromuscular Research Institute for stroke. Phylogica has also closed a number of technology collaborations to accelerate the drug discovery process, such as, Axela Biosensors, John Hopkins University, Massachusetts General Hospital, Fox Chase Cancer Center and PharmAust.

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Phylogica (ASX:PYC) (www.phylogica.com) is a drug discovery company utilizing its proprietary Phylomer® technology to develop a revolutionary new drug for stroke and other anti-inflammatory diseases including rheumatoid arthritis and diabetes. The Company is preparing to commercialise its lead drugs through licensing deals. Phylogica was founded by the Telethon Institute for Child Health Research in Perth (www.ichr.uwa.edu.au) and the Fox Chase Cancer Center in Philadelphia, United States (www.fccc.edu).

About Phylomers®

Phylomers® are stable fragments of naturally-occurring proteins with the ability to bind tightly to target proteins and inactivate them as a result. Phylomers® can be selected for activity against specific disease target proteins. The properties of Phylomers® make them attractive as cost-effective alternatives to antibodies a proven multi-billion drug class. Phylogica's proprietary Phylomer® Libraries are collections of millions of Phylomers® that represent a source of drug leads which can be used for multiple diseases.

Opsona Therapeutics (www.opsona.com) is a drug discovery and development company, focused on novel therapeutic approaches to treat autoimmune and inflammatory diseases. Opsona's three scientific founders are world-renowned immunologists at Trinity College Dublin. Opsona is preparing for the clinical development of two immunomodulatory compounds for the treatment of autoimmune and inflammatory diseases. Opsona is based in Dublin Ireland, and raised €6.25m in March 2005, with its investors including Inventages Venture Capital (Bahamas), Seroba BioVentures (Ireland), Genentech (USA) and Enterprise Ireland.