



26 August 2010

The Company Announcements Platform
ASX Ltd
Sydney NSW 2000

FULLY UNDERWRITTEN RENOUNCABLE RIGHTS ISSUE

Australian drug discovery company Phylogica Limited (“**Phylogica**” or “the **Company**”) (**ASX Code: PYC**) is pleased to announce a renounceable rights issue (“Rights Issue”) to raise approximately \$2.4 million before costs. The Rights Issue offers one new share with one free attaching option for every five shares held at a price of 5 cents per share. The free attaching option will have an exercise price of 15 cents and a term of one year. The Company will apply for quotation of the new shares and new options on the ASX.

The Rights issue is fully underwritten by Paterson Securities limited.

The funds raised will principally be used to scale-up Phylogica’s drug discovery and screening capabilities in order to meet the needs of the anticipated fee-for-service activities in parallel with the existing contracts. Phylogica aims to strengthen its business development efforts to extend the Company’s international profile further with the global pharmaceutical industry to realise the full potential of their technology platform.

The Prospectus relating to the Rights Issue is expected to be lodged with ASIC and ASX on Monday 30 August 2010 and will be available after lodgement on the ASX website [ww.asx.com.au](http://www.asx.com.au) and also on the Company’s website www.phylogica.com.au.

For further information, please contact:

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