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PHYLOGICA AND PEPSCAN ENTER COLLABORATION TO OPTIMISE THERAPEUTIC PHYLOMER® DRUG CANDIDATES

PERTH, AUSTRALIA, and LELYSTAD, THE NETHERLANDS: May 10, 2011 – Phylogica Ltd (ASX: PYC, XETRA: PH7), a leading Australian peptide drug discovery company, and Pepscan Therapeutics, a Dutch biopharmaceutical firm focusing on protein mimicry technology, today announce that they have entered a Research Collaboration and Option Agreement to evaluate the combination of their complementary peptide technologies for drug discovery. Under the terms of the agreement, Pepscan using its CLIPS technology will work with Phylogica to optimise novel therapeutic Phylomer drug candidates against CD40-ligand for the treatment of rheumatoid arthritis, autoimmune diseases and inflammatory disorders. Phylogica will also have an option to expand the collaboration to include an undisclosed number of other disease-associated targets. Financial details were not disclosed

Phylogica's CEO, Dr Paul Watt, said: "We are excited to be working with Pepscan, which has world-class technology for improving the activity and stability of therapeutic peptides. We strongly believe that the combination of Pepscan's CLIPS technology with our potent Phylomer peptides will further enhance our ability to generate breakthrough drug candidates against difficult-to-treat diseases."

Dr Wim Mol, CEO of Pepscan, said: "We jointly recognise the perfect match of our combined technologies - Phylogica providing truly innovative peptide leads, and Pepscan applying its state-of-the-art CLIPS technology for peptide lead optimisation. We therefore believe that this agreement only forms the start of a promising and productive relationship between our two companies".

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About Phylogica

Phylogica Limited (ASX: PYC) is a biotechnology company based in Perth, Australia, and Oxford, UK, with a world-class drug discovery platform harnessing the rich biodiversity of nature to discover novel peptide therapeutics. The Company was incorporated in 2001 as a spin out from the Telethon Institute for Child Health Research (Perth, Australia) and the Fox Chase Cancer Centre (Philadelphia, USA). The Company's drug discovery platform is based on its proprietary Phylomer® libraries of natural peptides, which have been optimised by evolutionary selection to have stable drug-like structures. Phylogica offers fully integrated drug discovery services to the pharmaceutical industry utilising its Phylomer® libraries and proprietary screening technologies. Its current partners include Roche, MedImmune (the worldwide biologics unit of AstraZeneca) and Pfizer.

About Phylomer® Peptides

Phylomer peptides are derived from biodiverse natural sequences, which have been selected by evolution to form stable structures, which can bind tightly, and specifically to disease associated target proteins, both inside and outside cells. Suitable targets for blockade by Phylomers include protein interactions that promote multiple diseases, such as infectious diseases, cancer, autoimmunity and heart disease. Phylomer peptides can have drug-like properties, including specificity, potency and thermal stability, and are capable of being produced by synthetic or recombinant manufacturing processes. Phylomer peptides are also readily formulated for administration by a number of means, including parenteral or intranasal delivery approaches.

About Pepscan

Pepscan Therapeutics is a privately held biopharmaceutical company based in Lelystad, The Netherlands. Pepscan is applying its proprietary high throughput CLIPS protein mimicking technology for the development of novel constrained therapeutic peptides and immunogens. Besides its pipeline of therapeutic peptides and anti-GPCR monoclonal antibody products, Pepscan has various ongoing collaborations with leading pharmaceutical and biotech companies to develop novel therapeutics based on the proprietary CLIPS technology platform.

About CLIPS

CLIPS (Chemical Linkage of Peptides onto Scaffolds) is a technology to present one or more peptides in a structurally constrained configuration. These molecules behave



as functional mimics of structurally complex protein domains. CLIPS therapeutic peptides have been shown to exert improved activity and stability. CLIPS peptides are also used as superior immunogens for antibody generation against disease relevant protein targets. This is especially valuable in the case of proteins that are inaccessible as recombinant proteins, such as GPCRs.