

Phylogica to convert notes to raise \$1.6 mn

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Singapore: Phylogica has agreed to raise \$1.6 million of new capital through a placement of 16,000 unlisted converting notes each with an issue price of \$100. The issue of the converting notes is subject to shareholder approval, which will be sought at the company's annual general meeting on November 22, 2012.

The influx of new capital will provide Phylogica with the balance sheet security to finalize anticipated R&D collaborations from a strong negotiating position. The new shares to be issued at up to 5.3 cents per share, being a 104 percent premium to the recent market price, thus seeking to minimize dilution of existing shareholders at the current market price. Participation in the converting note transaction by the company's largest shareholder, the Hockings Family, demonstrates confidence in both the management team and the company's value proposition.

Each converting note will convert into a variable number of Phylogica fully paid ordinary shares and potentially PYCOA options on the same terms as the existing PYCOA options listed on ASX. The number of shares to be issued on the conversion of the converting notes will depend on the prevailing Phylogica share price leading into the date that the shares are issued, which is expected to be on or around November 25, 2013, and also whether the company has achieved its objectives of signing new drug discovery alliances and revenue generation.

Dr Paul Watt, CEO, Phylogica, said that, "We are delighted to have a mechanism to raise new capital, subject to shareholder approval, using an instrument that provides the opportunity of issuing the shares in the future at a premium to today's share price. We are confident in achieving our goals over the next 12 months and we anticipate the share price will appreciate to reflect the added value of these achievements. We are grateful for the support of the Hockings Family and the other investors participating in this financing, who similarly have confidence in the management's ability to execute on its strategy."