

Q2-11 FACT SHEET



VG ENERGY

VIRAL GENETICS

NEAR TERM CATALYSTS

- Clinical trial for drug-resistant cancer commencing Summer 2011
- Just completed pre-IND review for HIV/AIDS drug – moving towards IND filing
- VG Energy initiating industrial-scale demonstrations of algae biofuel production additive with leading producers
- Finalizing pre-IND for 1-3 additional drugs in 2011
- Two other pharma research programs nearing clinical development

KEY MARKETS

HIV/AIDS

- \$14 Billion per annum market
- existing therapies carry significant side effects – ultimately fail due to drug resistance

LYME DISEASE

- Unmet need – essentially no treatment options once initial infection period passed
- Possible orphan drug status
- 250,000 to 500,000 cases estimated in USA, growing

DRUG RESISTANT CANCER

- Unmet need – drug resistance leading cause of treatment failure
- Overall cancer treatment market projected to grow to \$80 Billion per annum
- Positioned as add-on or adjunct to existing cancer therapies – should enhance partnering opportunities

MULTIPLE SCLEROSIS

- \$11 Billion per annum market
- Current therapies do not stop disease progression
- Positioned as add-on or adjunct to existing MS therapies – should enhance partnering opportunities

BIOFUEL

- Crude oil consumption: 80 million bbl/day at \$100/bbl
- Algae oil is ideal alternative but current productivity is inadequate
- Current production costs \$200/bbl to > \$1,400/bbl
- VG Energy additive allows oil to be skimmed vs. extracted (by mechanical crushing or toxic chemicals) – allows recycling of algae and further productivity improvement

SUMMARY

Viral Genetics, Inc. (Ticker: VRAL) is a clinical-stage biotechnology company developing new treatments for cancer, HIV/AIDS, Lyme Disease and other illnesses. The Company's new **VG Energy** majority-owned subsidiary was founded to develop promising biofuel and agri-tech applications that unexpectedly grew out of its cancer research using Metabolic Disruption compounds to alter the way cells use lipids (oils).

KEY HIGHLIGHTS

- Management advised by **team of eminent scientists and business veterans**, including Nobel Laureate – Dr. Luc Montagnier (co-discoverer of HIV virus); the former US Surgeon General – Dr. C. Everett Koop; Harvard Medical School Associate Professor – Dr. Eric Rosenberg; former Fortune 500 executives – Marshall C. Phelps (former head of IP for Microsoft) and Richard Gerstner (IBM, Telular); and one of nation's leading algae biofuel experts – John Sheehan, formerly of US Dept. of Energy National Renewable Energy Laboratory.
- Upcoming clinical trial of MDT compounds for drug-resistant cancer funded by **\$1.5 million grant**.
- Pre-IND meeting for APi1177 HIV/AIDS drug completed – proceeding with completion of preclinical studies and preparation of full IND.
- Company's first generation HIV/AIDS drug tested in humans in 2005-2006 produced significant results in some patients but not others; understanding genetic basis for differing results led to licensing of new current technology and APi1177.
- Preparing pre-IND filing for compound for Lyme Disease.
- VG Energy subsidiary conducting near-term demonstration of algae oil yield-increasing additive. Validated in small-scale lab tests, VG Energy's additives, **when modeled**, have potential to transform productivity of algae oil production methods, bringing cost of production near competitive with current crude oil prices. Additives show similar promise to production of other "high-value" cosmetic, nutraceutical and edible oils and in a variety of plant species.
- Robust portfolio of over 60 patents and patent applications licensed from University of Colorado and University of Vermont.
- Lead scientist Dr. M. Karen Newell Rogers in strong clinical setting at **Scott and White Hospital/Texas A&M Health Sciences Center** enabling translational studies from lab to clinic.
- Expanded investment research coverage with **stock research reports** from **Research 2.0** and **Zack's Small Cap Research**

'This is a very exciting time for us as Viral Genetics' drug research finally moves back into the clinic after years of preclinical work by Dr. Newell Rogers and her team, and our new VG Energy subsidiary seeks to prove out and capitalize on the surprising potential biofuel breakthroughs originating from our cancer research using metabolic disruption.'

- Haig Keledjian, President & CEO Viral Genetics and VG Energy

KEY MILESTONES

2007-2009 Company's first generation HIV/AIDS drug tested in humans produced significant results in some patients; led to licensing of technology developed by Dr. M. Karen Newell Rogers

2007-2009 Partnered with Dr. M. Karen Newell Rogers in developing Targeted Peptide ('TPT') compounds for HIV/AIDS

2009 In-licensed TPT and Metabolic Disruption ('MDT') patents and patent applications from University of Colorado and University of Vermont

2010 Completed critical preclinical drug studies for TPT and MDT compounds

2010 Discovered biofuel applications of MDT compounds – formed VG Energy

2011 Investigator's study investigator's study of MDT compound for drug resistant cancer, and FDA review of HIV/AIDS compound

2011 Starting testing of algae biofuel MDT additives at existing producers to scale up from laboratory tests to industrial production setting

TICKER

VRAL (OTC: Pinksheets)

Share Price (June 1, 2011)

\$0.03

52-Week Hi/Lo (June 1, 2011)

\$0.07 / \$0.02

Average Volume (3-months)

~1,450,000

Market Cap (June 1, 2011)

~\$21 million

Financial and Other Information Available at www.otcmarkets.com

www.viralgenetics.com | www.vgenenergy.net



DRUG PIPELINE

COMPOUND	PRECLINICAL TESTING	READY TO APPROACH FDA	IND FILED	PHASE I	PHASE II	PHASE III
API1177: HIV/AIDS						
VG-V-L: LYME DISEASE						
VG-V-S: STAPHYLOCOCCUS STREPTOCOCCUS SEPSIS						
DRUG RESISTANT CANCER			Investigator IND Summer 2011			
VG-V-MS: MULTIPLE SCLEROSIS						

VG ENERGY:

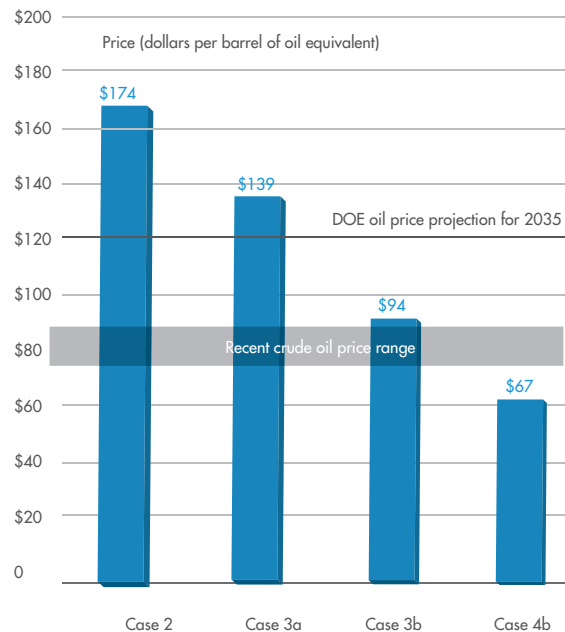
Modeled Range of Oil Production Costs (with and without VGE additive, varying algae recycling)

Case 2: Growth enhanced by VGE additive 0% recycle

Case 3a: Growth enhanced by VGE additive 75% recycle with light limitation*

Case 3b: Growth enhanced by VGE additive 75% recycle no light limitation*

Case 4b: Growth enhanced by VGE additive 100% recycle no light limitation*



* Light limitation refers to the requirement that algal biomass concentration be maintained at a lower level of 0.5 to 0.6 grams per liter. Under no light limitation, no constraint is placed on biomass concentration

Figure 3. Comparison of selected results for VG additive with market prices for oils.

STRATEGIC PARTNERS



The University of Vermont



SCOTT & WHITE
Healthcare

This document is intended for information purposes only and should not be construed as an offer or inducement to purchase or sell shares in Viral Genetics, Inc. or VG Energy, Inc. Investors are encouraged to conduct due diligence including, but not limited to, reference to documents filed by Viral Genetics, Inc. with the SEC and www.otcmarkets.com, each as may be amended from time to time. See especially "Risks Associated With Our Business" in Part D, Item XVI under "Management's Discussion and Analysis or Plan of Operation" in our most recent Annual Report. This Fact Sheet contains forward-looking statements relating to expectations, planned milestones, as well as models based on assumptions derived from a variety of sources including the Company itself. Investors are cautioned that all forward-looking statements involve risks and uncertainty. Although the Company believes that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore, there can be no assurance that the forward-looking statements included in this document will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by the Company or any other person that the objectives and plans of the Company will be achieved.