Press Release

Source: Viral Genetics, Inc.

Contact: Bryan Crane, BlueWater Advisory Group, LLC

T: (805) 294-3723

Viral Genetics Inc. Issues 2011 Year in Review and 2012 Outlook Updates Cancer Study and Biofuel Scale-up Testing

SAN MARINO, Calif., February 2, 2012 /PRNewswire/ – Viral Genetics, Inc. (Pinksheets: VRAL) today posted to its website a President's Letter to Shareholders that reviews the past year and looks ahead to what 2012 holds for the Company. Highlights of the President's letter, including key updates on the Company's important cancer study and biofuel testing programs, are below. In particular, in 2011 our Metabolic Disruption technology (MDT) additives successfully produced significant algal oil yield increases in independent testing at larger-scale production environments; and, though later than announced, three of the Company's most promising pharmaceutical products – its therapies for treatment-resistant cancer with MDT compounds, its treatment of HIV/AIDS with APi1177, and its treatment of Lyme disease with VGV-L – are anticipated to commence or follow up on prior FDA reviews at various times in 2012, including one clinical trial.

"2011 was a year of tremendous growth for our companies, full of accomplishments and advancements across the board, which brought along with them an exciting set of new challenges. As we have since our founding, we continue to limit our full time personnel to conserve capital with management focusing on funding our growth, while our advisory board focuses on continually and successfully advancing our science. Possibly

the single most important event in 2011 was the evolution of our new subsidiary, VG Energy, Inc., which added diverse new potential areas of business for us through our majority position in VG Energy, Inc. We believe this has added tremendous current and future potential value as our shareholders now, in a sense, own two companies with equally significant potential. Understandably, launching a new company brings with it new management and fund-raising challenges and goals to be met – challenges we spent much of the latter part of 2011 addressing, putting us closer to attaining those goals," said Haig Keledjian, President of Viral Genetics and VG Energy.

"Concurrently with the launch of our VG Energy business and its rapid growth, after years of effort by our dedicated researchers and advisory team, our drug development programs really took off and bore fruit as we found ourselves in the exciting and enviable position of having three drug candidates nearing FDA review and clinical trial status. On top of that, our oncology trial at Scott and White went from being a relatively small, single-site, more traditional "physician's study" to potentially a dual-site, larger study consisting of upwards of several dozen patients with a second (or "co-") primary investigator that may be a Phase 1 or Phase 2 study. These are all accomplishments we have strived towards for years and they mark a potential new foundation for the coming years' successes. Long-time shareholders will know that we spent many years almost exclusively focused on HIV/AIDS and to a large extent we developed our resources – including personnel – with an eye to focusing on preclinical or lab research. Last year, however, we found ourselves quickly advancing in several new areas including cancer and Lyme disease, and moving quickly towards clinical testing meaning we required new resources and personnel. As a result of this, as is common with drug programs, we experienced some delays. New initiatives and modifications took time to work themselves out, and we had to recruit new clinical advisors. Looking ahead to 2012, however, we have an expanded team of advisors to assist management: notably, in terms of new clinical advisors for our planned clinical trials and at the board level on the VG Energy side as we recently announced. We think these

efforts position the Company and VG Energy well to face what could be the most important and positive year in our history," said Haig Keledjian.

Biofuel Testing – VG Energy

In 2011 we began the process of conducting independent testing of our MDT additives in industrial-scale algae production environments. We originally expected to conclude portions of this testing, including "dose response testing" and scale-up studies, within 2-3 months. Following successful preliminary results in the summer of 2011 which were previously announced, we decided to transition to new testing facilities because we were not satisfied with the degree of protection afforded our intellectual property rights during the ongoing product development and validation process in the initial testing. Protection of our intellectual property rights in this and other areas is critical to the Company's long-term success. Although we believe that existing testing is sufficient to support some commercial implementation, testing and product development is ongoing and expected to continue at both contracted testing facilities and by potential commercial partners as we develop and refine MDT applications in this and other areas.

"As many of our shareholders know, there are a lot of very exciting developments going on in the biofuel industry. At the same time, the industry is still evolving and processes and products that will emerge as successes are being vetted in terms of process improvements, algae strains, genetic modifications vs. process improvement, for example. In the end, this will be determined by economics borne out through testing. Establishing those economics through testing in actual production environments is exactly what we are focused on," continued Mr. Keledjian.

"Compared to one year ago, we now have independent and ongoing testing validating our early belief in this technology in many areas and our decision to launch VG Energy and fund this research. This testing continues as we reach out to research collaborators and potential partners, while Dr. Newell Rogers' team continues their own work

advancing this technology. Our goal now is to locate those producers that would benefit from introducing our additives to their process, which is precisely the focus of much of the ongoing testing we are conducting with third parties. So we are working through the various scenarios with as many producers or potential producers as we can, while protecting our intellectual property rights in the process," continued Mr. Keledjian. "We have encountered situations where a potential partner's method for enhancing yields using their own technology turned out to be incompatible on a molecular level with ours. For instance, in one case genetic modifications to a potential partner's yeast strain intended to enhance oil yields blocked uptake of our additives. Therefore, one of the key elements of our business development model is to determine the industry players whose approaches work best with ours, thereby determining companies with whom we want to partner and reach commercial scalability, and ultimately cash flow. While this testing will continue throughout the year and we cannot guarantee an outcome, early indications of interest leave us confident that we may secure a commercial partner before the year is out."

Scott and White Cancer Study

It is now being determined whether to commence with this study as an expanded Phase 1 or Phase 2 physician's- initiated study with a second test site at a second hospital in addition to Texas A&M University Health Sciences Center-affiliated Scott and White Hospital. We originally expected to begin enrolling patients in the summer of 2011 for a physician's IND (Investigational New Drug) study to be carried out exclusively at Scott and White. We also indicated that we expected this study to focus on certain types of cancer, including, amongst others, a form of brain cancer called glioblastoma. Following new interest from a potential co-primary investigator at a possible new test site – including potential expansion of the study to a more robust clinical trial under a more advanced protocol design involving more patients and other types of cancer – enrollment was delayed to accommodate finalization of the new developments including institutional reviews that are now underway. The study, which is funded in part by a

grant of $1.5 million to Scott and White, will require approximately 6 to 8 weeks of treatment and 12 months of follow up and is expected to begin as soon as reviews are concluded at the new institution and, subsequently, the FDA. We currently believe this study will begin by the second quarter of 2012, possibly sooner. This study will test compounds that are part of our Metabolic Disruption (MDT) platform in combination with existing cancer treatments on patients with drug resistant forms of various types of cancers, most likely starting with ovarian cancer.

Additional details on both of these topics are available in the 2012 Letter to Shareholders at this link: www.viralgenetics.com/investors/2012-Letter-to-Shareholders.pdf.

Other Highlights

HIV/AIDS Program – APi1177

As a result of our pre-IND communication with the FDA in 2011, we initiated a search for and recently completed the securing of a manufacturer to produce GLP (Good Laboratory Practices) quality APi1177 for use in pharmacology, toxicology, and virology studies, and certain assay development work required to submit a full IND. We have identified contractors to carry out the preclinical testing and assays required and we intend to commence with the preclinical studies and assays once we are satisfied with the GLP product which we are now working at concluding. This progression will also accelerate several of our other programs as the molecule being used is substantially similar.

New Intellectual Property – DCA patents

In December 2011, a patent falling within our licensed MDT portfolio was awarded that is the first issued patent covering the use of dichloroacetic acid ("DCA") in the treatment of cancer. We believe that this patent is "foundational" to the use and study of DCA for cancer treatment, an area

many other companies and research entities, both in the US and internationally, have been increasingly studying. We intend to seek potential clinical trial or licensing opportunities for this patent this year. There are currently six FDA approved clinical trials in motion that have incorporated DCA into their drug regimen.

Other High Value Oils – VG Energy

In addition to the biofuel testing update above, we are pursuing other potential partnering opportunities with both commercial and research entities for a variety of uses of MDT additives in high value oils used in food, animal feed, cosmetics and nutraceuticals. The business and product development process for this area of VG Energy's focus is similar to the biofuel process in that we are conducting testing with existing and potential producers to determine the fit of our compounds to their production methods. We believe it is possible for us to secure one or more commercial partners by the end of this year.

Lyme Disease

We have recently entered into an agreement with a physician associated with one of the leading medical centers in the country to act as the "clinical lead" for this drug program. This doctor will complete the clinical portions of the pre-IND including an outline of the clinical trial protocol, as well as possibly serve as primary investigator for the planned clinical trial of our Lyme disease compound. Other than the clinical portions (those dealing with use of the drug on humans, mostly in a clinical trial) the pre-IND for this study is ready to submit and we expect to do so imminently. Once we have finalized arrangements with the physician and his institution, we expect to be able to add more detail on these developments.

Multiple Sclerosis, Staphylococcus, Streptococcus and Sepsis

We continue to perform preclinical testing of these drug candidate compounds, and hope to be in a position to submit pre-INDs for each of them

this year. We are also working at securing research partners, including clinical leads for these programs.

Fund Raising

Our goal is to raise $2,000,000 to $3,000,000 to achieve our 2012 goals which includes the budget of VG Energy. It is expected that this will be in the form of sales of equity or debt securities of the Company and/or VG Energy. We are also exploring raising funds by possibly commercial partnering and licensing with various third parties, and we will also continue to sponsor or support applications for grant funding of research towards the development of our products.

Annual Report

We recently filed our quarterly report for the period ending September 30, 2011 and we are now working to complete the 2011 annual report by late March or early April. The Company has recommitted to making its periodic reports available on a timely basis and intends to issue a monthly Letter to Shareholders going forward.

About Viral Genetics, Inc.

San Marino, California-based Viral Genetics discovers drug therapies from two platform technologies based on over 60 patents: Metabolic Disruption (MDT) and Targeted Peptides (TPT). Founded in 1994, the biotech company is researching treatments for HIV/AIDS, Lyme Disease, Strep, Staph and drug resistant cancer. A majority-owned subsidiary, VG Energy (www.vgenergy.net), is dedicated to exploring biofuel and agricultural applications for the MDT platform. For more information, visit www.viralgenetics.com.

About VG Energy

VG Energy Inc. is an alternative energy and agricultural biotech company that is a majority-owned subsidiary of Viral Genetics Inc. Using its Metabolic Disruption Technology (MDT), Viral Genetics' cancer research led to discoveries with major consequences in a wide variety of other industries, including production of biofuel and vegetable oils. VG Energy holds the exclusive worldwide license to the MDT patent rights for use in the increase of production of various plant-derived oils from algae and seeds. Application of MDT technology to the biofuel industry could potentially allow it to overcome its major obstacle in the area of production efficiency: namely, an increase in production yields leading to feasible economic returns on investment, allowing renewable biodiesel to be competitive with fossil fuels. For more information, please visit www.vgenergy.net.

SAFE HARBOR FOR FORWARD-LOOKING STATEMENTS:

This news release contains forward-looking statements that involve risks and uncertainties associated with financial projections, budgets, milestone timelines, clinical trials, regulatory approvals, and other risks described by Viral Genetics, Inc. from time to time in its periodic reports, including statements about its VG Energy, Inc. subsidiary. None of Viral Genetics' drug compounds are approved by the US Food and Drug Administration or by any comparable regulatory agencies elsewhere in the world, nor are any non-pharmaceutical products of VG Energy, Inc. commercialized. While Viral Genetics believes that the forward-looking statements and underlying assumptions reasonable, any of the assumptions could be inaccurate, including, but not limited to, the ability of Viral Genetics to establish the efficacy of any of its drug therapies in the treatment of any disease or health condition, the development of studies and strategies leading to commercialization of those drug compounds in the United States, the obtaining of funding required to carry out the development plan, the completion of studies and tests including clinical trials on time or at all, the successful outcome of such studies or tests, or the successful commercialization of VG Energy, Inc.’s non-pharmaceutical products. Therefore, there can be no assurance that the forward-looking statements included in this release will prove to be accurate. In light of the significant

uncertainties inherent in the forward-looking statements included herein, the forward-looking statements should not be regarded as a representation by Viral Genetics or any other person that the objectives and plans of Viral Genetics will be achieved.