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ViroXis Corporation Initiates Phase II Clinical Trial of Novel Botanical Topical Treatment for HPV Skin Warts: Announces expanded board of directors and advisors.

(SAN ANTONIO, TX - 3 December 2012) - ViroXis Corporation today announced that it has enrolled its first patient in its Phase II study for the topical treatment of Human Papilloma Virus (HPV) common skin warts using an East Indian Sandalwood oil (EISO) derived drug candidate. ViroXis' patented, EISO-derived product is being developed in accordance with the US Food and Drug Administration's 2004 Guidance for Development of Botanical Drugs and with manufacturing support from DPT Laboratories of San Antonio, TX. There are currently no approved prescription drugs to treat HPV skin warts.

TKL Research, a Rochelle Park, NJ based contract research organization (CRO) is conducting the U.S. clinical study, which will evaluate three strengths of the EISO-derived drug in a total of 180 patients. The primary endpoint of complete remission of all treated warts after 90 days of treatment and a further 90 days of follow up. Results of this study should be known by the end of 2013.

Ian Clements, President & CEO of ViroXis, said “Based on promising data in previous clinical trials with sandalwood, we are optimistic that the anti-viral activity and favorable safety profile of this essential oil will lead to a new and effective treatment for this highly prevalent and often painful and difficult-to-treat condition.”

In conjunction with the initiation of the study, which is being funded by the proceeds of a $5.0M Series B financing, ViroXis is pleased to announce the appointment of three new directors to its Board: Gary Frashier (former CEO of OSI Pharmaceuticals), Catherine Burzik (former CEO of KCI) and Charles Goodrich (Managing Director of Timberline Venture Capital Investments), as well as company advisor Dr. Ernest Mario (former CEO, GlaxoSmithKline). Said ViroXis Chairman, Alan Dean, “The addition of this stellar group of advisors and directors greatly enhances the opportunity for the company to build on its success in the clinical development of its platform drug candidate”.

Clinical Trial Design

The company's Phase II clinical trial will be a double-blinded, placebo- controlled, dose range-finding trial with four arms looking at safety and efficacy of three doses of the EISO-derived drug candidate in an ointment base. The patients will be adults, 18 years and above. Trial participants will be treated for up to three months and evaluated during an additional three

months of follow up. The primary efficacy endpoint will be the complete resolution of warts.

About East Indian Sandalwood Oil (EISO)

EISO has previously been successfully studied in Phase I and Phase II investigator-sponsored clinical trials in adults and children for the topical treatment of warts. The positive results of these initial trials led to the issuance of three US patents for the treatment of HPV and other skin diseases. EISO oil is produced by steam distillation from the heartwood of the *Santalum album* tree. The essential oil is widely used in the food and fragrance industry and has been used in traditional medicine for centuries, particularly in India. EISO has been adopted in the West to treat a number of diseases and conditions, and it has been shown to be active against a variety of pathogens in addition to human papillomavirus.

Wild sources of the sandalwood tree, which is indigenous to India, are becoming increasingly scarce and supply of the oil is dwindling. To overcome this issue, ViroXis will be using sandalwood oil from trees harvested from sustainable commercial plantations in North Western Australia for its marketed drug products. ViroXis has an exclusive supply agreement with Tropical Forestry Services Corp. Ltd. (TFS) of Perth, Australia for supply of pharmaceutical grade EISO for healthcare uses. TFS, an Australian listed company (ASX: TFC), manages the largest sustainable supply of East Indian Sandalwood in the world and has won numerous awards for its ecological and environmental stewardship.

About HPV virus and Common Warts

Common warts are caused by the transmissible HPV virus and there is currently no approved prescription product for treatment of problematic warts. Typical therapies involve cutting, freezing or the use of chemical blistering agents that are painful and often cause scarring. A painless and effective treatment for this common skin condition that can be used on all warts including larger warts, large number of warts or warts in difficult locations such as the face would be a welcome addition to the therapeutic options currently available to dermatologists and pediatricians.

About ViroXis

ViroXis' mission is to develop and commercialize novel, safe and effective prescription and over-the-counter botanical products for the treatment of virally-induced skin conditions. To date, the Company has been funded by San Antonio-based Targeted Technology Fund I and a $2.5 million investment from the State of Texas Emerging Technology Fund (ETF). Viroxis' $5.0M Series B financing is being managed by San Antonio-based Pasadera Capital. Botanically-derived drugs have formed the backbone of the pharmaceutical industry and the recently implemented FDA botanical guidelines aim to streamline the development of drugs, such as ViroXis' lead drug candidate, that are a mixture of plant-derived compounds rather than a single chemical entity, and that have a historical record of safe human use. ViroXis was the recipient of the 2009 Michael E. DeBakey Award from the RICE Alliance Life Sciences Ventures Forum as the "Most Promising Life Science Company in Texas".