



VIRALGENETICS

2290 Huntington Drive, Suite 100, San Marino, CA, 91108, Tel: (626) 334-5310, Fax: (626) 334-5324

August 2012 President's Letter to Shareholders

Dear fellow shareholders:

This August 2012 edition of our Letter to Shareholders gives me the opportunity to review the current initiatives in which Viral Genetics is actively engaged:

1. Our VG Energy subsidiary is developing biofuel and agricultural products with the potential to radically decrease the cost of plant oils;
2. The Phase 1 clinical trial for drug-resistant ovarian cancer has enrolled its first patients and has commenced;
3. We are in the process of scheduling a pre-IND meeting with the FDA regarding establishing a clinical trial for a new potential drug for chronic Lyme Disease;
4. Our potential drug for HIV/AIDS that does not rely on antiviral activity is nearing clinical trials;
5. We currently have in progress a pipeline of **5-10 additional drug candidates** for Multiple Sclerosis, PANDAS, Sepsis, Staph and Strep infection, among other diseases.

Allow me to provide additional insight into a few key initiatives:

In July we announced that we had begun our **Phase 1 clinical trial for ovarian cancer** incorporating a dual-site physician-IND study at The Cancer Therapy and Research Center of the University of Texas Health Sciences Center at San Antonio, and Scott and White Hospital.

This study of drug resistant cancer patients using a combination of sorafenib and one of our metabolic disruption technology ("MDT") compounds has enrolled and started treating patients. This trial will continue over the next few months as detailed in our [prior press release of July 19, 2012](#).

For our Lyme Disease drug candidate we are seeking to schedule the pre-IND meeting with the FDA. While there are many schedules to coordinate, we are targeting next quarter for this meeting.

Our VG Energy subsidiary is conducting further yield enhancement and product development tests on Lipid Max™, a treatment for algae, palm and other plants to increase oil yields, as the product makes its way into production. Read about our ongoing testing with Uniquist in Australia, in this [press release dated June 20, 2012](#).



VIRALGENETICS

2290 Huntington Drive, Suite 100, San Marino, CA, 91108, Tel: (626) 334-5310, Fax: (626) 334-5324

Finally, as we make our way through the summer heat, we look forward to updating you on the company's continuing progress in our September 2012 Letter to Shareholders.

As always, thank you for your ongoing support.

Haig Keledjian
President
Viral Genetics, Inc.

For further details on this document, please refer to the Company's filings on www.otcmarkets.com.

For more information on Viral Genetics, Inc. or VG Energy, Inc. please see our websites: www.viralgenetics.com
www.vgenenergy.net

Or contact:

Haig Keledjian
Tel: (626) 334-5310
info@viralgenetics.com

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.