

07 May 2008



## **Company Announcement**

### **Phosphagenics Completes A\$9.1 M Capital Raising**

Phosphagenics Limited ("Phosphagenics") (ASX: POH, AIM: PSG, OTCQX: PPGNY) today announced that it has raised A\$9.1 m via a placement of approximately 60.6 million fully paid ordinary shares to leading overseas and domestic institutions, and other sophisticated investors, at 15 cents per share.

It is expected that trading in the new shares on the Australian Stock Exchange will commence on or around 12 May 2008.

Mr Harry Rosen, Phosphagenics' President & CEO said that the company was very pleased with the response from investors.

"We are very pleased to receive this substantial support from our existing shareholders as we continue to focus on the discovery of new and cost-effective ways to enhance the bioavailability, delivery, efficacy and safety of proven pharmaceutical and nutraceutical products," Mr Rosen said.

"The funds raised considerably strengthen the Company's financial position and together with government grants and other revenue will support Phosphagenics' research and development programs through to the end of calendar year 2009," he said.

Attached for release to the market is an Appendix 3B notice together with a Section 708A notice.

**ENDS.....**

## **APPENDIX AND NOTES TO EDITORS**

### **About Phosphagenics Limited**

Phosphagenics is a Melbourne-based, globally driven biotechnology company focused on the discovery of new and cost effective ways to enhance the bioavailability, activity, safety and delivery of proven pharmaceutical and nutraceutical products.

Phosphagenics' core technology is built around the science and application of phosphorylation, a process where the addition of a phosphate group has been found to enhance the bioavailability, efficacy and safety of existing pharmaceuticals and nutraceuticals, as well as to assist in the production of drug delivery platforms.

Phosphagenics' shares are listed on the Australian Stock Exchange (POH) and the London Stock Exchange's Alternative Investment Market (PSG). An ADR – Level 1 program was established in the U.S. with The Bank of New York Mellon (PPGNY) for U.S. investors to trade in Phosphagenics' stock on the 'over-the-counter' market. In July 2007, this was upgraded to the International OTCQX, a new premium market tier in the U.S. for international exchange-listed companies, operated by Pink Sheets, LLC.

For more information, please visit Phosphagenics' web site at [www.phosphagenics.com](http://www.phosphagenics.com)

#### **About BBY**

BBY is the stockbroker to Phosphagenics.

BBY is a full service Australian stockbroking and Corporate Advisory firm. With offices in Sydney, Melbourne and London and a major US bank Jefferies Inc (NYSE:JEF) as an equity partner, BBY is well positioned to service its clients' local and global needs.

#### **Safe Harbor Statement**

This press release contains forward-looking statements based on current expectations of future events. If underlying assumptions prove inaccurate or unknown risks or uncertainties materialise, actual results could vary materially from the Phosphagenics' expectations and projections. Risks and uncertainties include general industry conditions and competition; economic conditions, such as interest rate and currency exchange rate fluctuations; technological advances and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approvals; domestic and foreign health care reforms and governmental laws and regulations.

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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

PHOSPHAGENICS LIMITED

ABN

32 056 482 403

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |   |
|---|--|---|
| 1 | +Class of +securities issued or to be issued AND LAPSE OF ESOP OPTIONS   | i) ORDINARY SHARES<br>ii) LAPSE OF ESOP OPTIONS (POHAM)   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued and ESOP options lapsing   | i) approx 60,650,000 ORDINARY SHARES<br>ii) (600,000) ESOP OPTIONS  |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | i) PLACEMENT OF SHARES TO INTERNATIONAL AND LOCAL INSTITUTIONS AND SOPHISTICATED AND PROFESSIONAL INVESTORS, AT A\$0.15 A SHARE.<br>ii) LAPSE OF ESOP OPTIONS |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>SHARES - YES</p>												
<p>5 Issue price or consideration</p>	<p>A\$0.15 A SHARE</p>												
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>THE FUNDS RAISED ARE TO SUPPORT PHOSPHAGENICS' RESEARCH AND DEVELOPMENT PROGRAMS THROUGH TO THE END OF CALENDAR YEAR 2009</p>												
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>7th MAY 2008</p>												
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>approx 664,090,906</td> <td>ORDINARY SHARES (POH)</td> </tr> <tr> <td>59,630,948</td> <td>JUNE 2009 OPTIONS (POHOB)</td> </tr> </tbody> </table>	Number	+Class	approx 664,090,906	ORDINARY SHARES (POH)	59,630,948	JUNE 2009 OPTIONS (POHOB)						
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<p>10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	<p>ALL NEW SHARES TO RANK EQUALLY</p>												

+ See chapter 19 for defined terms.

## Part 2 - Bonus issue or pro rata issue

- 11 Is security holder approval required?
- 12 Is the issue renounceable or non-renounceable?
- 13 Ratio in which the +securities will be offered
- 14 +Class of +securities to which the offer relates
- 15 +Record date to determine entitlements
- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
- 17 Policy for deciding entitlements in relation to fractions
- 18 Names of countries in which the entity has +security holders who will not be sent new issue documents  
Note: Security holders must be told how their entitlements are to be dealt with.  
Cross reference: rule 7.7.
- 19 Closing date for receipt of acceptances or renunciations
- 20 Names of any underwriters
- 21 Amount of any underwriting fee or commission
- 22 Names of any brokers to the issue
- 23 Fee or commission payable to the broker to the issue

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+ See chapter 19 for defined terms.

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- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders
- 25 If the issue is contingent on +security holders' approval, the date of the meeting
- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do +security holders sell their entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

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+ See chapter 19 for defined terms.

### Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

##### Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

#### Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

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+ See chapter 19 for defined terms.

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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42 Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)

Number	+Class

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+ See chapter 19 for defined terms.

## Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act. Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



7 MAY 2008

Sign here: ..... Date: .....  
(Company Secretary)

**MOURICE GARBUTT**

Print name: .....  
p\asx\3b placement 07 05 08

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+ See chapter 19 for defined terms.



PHOSPHAGENICS

7th May 2008

**THE MANAGER  
COMPANIES ANNOUNCEMENTS OFFICE  
ASX LIMITED**

Dear Sir

**re: Notice under Section 708A Corporations Act 2001 (Cth) (Act)**

Further to the Company's announcement today advising of the placement allotment of approximately 60,650,000 new ordinary fully paid shares to international and local institutions and professional & sophisticated investors at an issue price equivalent to A\$0.15 a share for a total raising of A\$9.1 million

The Company gives notice to ASX (as the relevant market operator) under Section 708A(5)(e) of the Act that:

- 1 the Company issued the Shares without disclosure to investors under Part 6D.2 of the Act;
- 2 as at the date of this notice, the Company has complied with:
  - (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
  - (b) Section 674 of the Act; and
- 3 as at the date of this notice, there is no information to be disclosed which is excluded information as defined by Section 708A (7) of the Act.

Yours faithfully  
Phosphagenics Limited

per Mourice Garbutt  
Company Secretary  
poh\asx\cleansing notice 07 05 08

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**Phosphagenics Limited**

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