

18 March 2008



Company Announcement

GRAS status opens door to U.S. food industry

Phosphagenics Limited (“Phosphagenics”) (ASX: POH, AIM: PSG, OTCQX: PPGNY) today announced that an independent panel (“the panel”) of food safety experts unanimously concluded that Phosphagenics’ patented Phospha E[®] is Generally Recognized As Safe (GRAS). This comes as a result of the panel critically evaluating data and information pertinent to the use of Phospha E[®] in breakfast cereals, juice beverages and table fats.

Phospha E[®] is a patented derivative of vitamin E with superior qualities, such as greater absorption and activity. In pre-clinical studies, Phospha E[®], when given orally, has been shown to lower blood cholesterol and triglyceride levels, inhibit the formation of arterial plaques and suppress the main inflammatory pathways involved in metabolic syndrome (a condition which markedly increases the risk of heart attacks, strokes and diabetes).

The Company is preparing a GRAS notification to inform the U.S. Food and Drug Administration (“FDA”) of the expert panel's conclusion that Phosphagenics’ Phospha E[®] is GRAS. If the FDA has no further comment, GRAS designation allows manufacturers to produce and sell foods that include Phospha E[®] in the U.S. food industry.

“GRAS status extends the permitted use of Phospha E[®] beyond the nutritional supplement market and into the substantial U.S. food industry, and represents a tremendous commercial opportunity for Phosphagenics,” said Harry Rosen, Phosphagenics’ President and CEO.

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APPENDIX AND NOTES TO EDITORS

About GRAS

Generally Recognized as Safe (GRAS) is an FDA designation that a chemical or substance added to food is considered safe by experts, and so is exempted from the usual Federal Food, Drug, and Cosmetic Act (FFDCA) food additive tolerance requirements.

GRAS exemptions are granted for substances that are generally recognized, among experts qualified by scientific training and experience to evaluate their safety, as having been adequately shown through scientific procedures (or, in the case of a substance used in food prior to January 1, 1958, through either scientific procedures or through experience based on common use in food) to be safe under the conditions of their intended use.

The substance must be shown to be "generally recognized" as safe under the conditions of its intended use. The proponent of the exemption has the burden of proving that the use of the substance is "generally recognized" as safe. To establish such recognition, the proponent must show that there is a consensus of expert opinion regarding the safety of the use of the substance.

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, activity 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

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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