



17 December 2009

Company Update:

INSULIN PATCH ON TRACK FOR CLINICAL TRIALS

Melbourne biotechnology company, Phosphagenics Limited (Phosphagenics) (ASX: POH; OTCQX: PPGNY) today announced that its TPM/insulin project is on track to return to the clinic for human trials in the first half of 2010 following the adaptation of the successful TPM patch technology developed internally for the oxycodone program.

In addition, the company revealed that its scientists have:

- completed dose optimisation of the insulin formulation thereby substantially reducing the amount of insulin required to achieve therapeutic dose
- completed and tested the matrix insulin patch on animals demonstrating that blood glucose levels were lowered for the duration of the studies.

Phosphagenics' patented TPM (Targeted Penetration Matrix) delivery system is capable of topically delivering large molecules, such as insulin, into the blood circulation in a non-invasive manner using its internally developed patch. Currently the only way to deliver insulin for the treatment of diabetes is by injection or the more invasive pump system.

It is estimated that around 250 million people are living with diabetes today and that this number will increase to around 380 million by 2025. The global diabetes therapy market is worth around US\$26.3 billion in 2009 and is expected to grow to around US\$34.5 billion by 2013*.

According to Dr Esra Ogru, COO, the ability of the Phosphagenics' TPM technology to deliver large proteins, such as insulin, through the skin and into the blood stream "has potential to reduce the number of invasive injections per day," she said. "Our aim is to provide a basal level of insulin to people with diabetes over a sustained period. Currently basal levels of insulin are provided by injections. Basal insulin is the fastest growing segment of the insulin market."

Early this year Phosphagenics announced that it had completed its human trial using the TPM system to deliver insulin to people with Type 1 diabetes. Dr Ogru said that since then Phosphagenics' scientists had achieved excellent results optimising the insulin formulation and developing a TPM/insulin patch system. Patches are more patient friendly and require minimal handling. Data showed that insulin can be effectively delivered via the TPM patch system, resulting in lower blood glucose levels, "We are now perfectly placed to start clinical trials on the TPM/insulin patch system in first half of next year," she said.

* Espicom Business Intelligence Report (2009)

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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, 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 its 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.

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