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Company Announcement

PHOSPHAGENICS SIGNS GLOBAL AGREEMENT FOR USE OF TRANSDERMAL INSULIN IN COMPANION ANIMALS

The Melbourne-based biotechnology company, Phosphagenics Limited (ASX:POH, OTCQX:PPGNY) announced today the signing of a global agreement to develop their patented transdermal (TPM) insulin delivery system for the treatment of diabetes in companion animals.

The deal signed with Novartis Animal Health, a business unit within the global Novartis Group, opens new opportunities for Phosphagenics in the veterinary market. Diabetes is estimated to affect one in 50 pets worldwide and in Australia about 40 percent of dogs and a third of the nation's cats are overweight, resulting in an increase in the incidence of diabetes in cats and dogs. The incidence rate and contributing factors are similar in many developed countries.

Diabetes results when the animal's body either fails to produce sufficient amounts of insulin, a hormone that processes glucose, or fails to use it properly. As a result, the body's tissues cannot use glucose for energy and sugar builds up in the blood and urine.

There are a number of insulin products on the market for veterinary use. However, these products are only administered by injection, which is painful for animals and makes ongoing treatment emotionally difficult for their owners. A transdermal delivered insulin would be user friendly; would increase the appeal of insulin; reduce non-compliance and potentially result in an increase in the size of the companion animal insulin market.

According to Phosphagenics' Chief Operating Officer, Dr Esra Ogru, the company's TPM™ delivery system could gain appeal in the veterinary sector.

"This opens up a whole new source of partnership opportunities for Phosphagenics," says Dr Ogru. "Working with Novartis in the veterinary sector aligns with our commercialisation strategy of diversifying the application of our technology into many and varied fields. We are very pleased to be working with one of the world leaders in animal health."

Specific terms of the agreement are not being disclosed. Novartis will pay the costs of developing the insulin product, and should it elect to pursue the formulations resulting from the collaboration, Phosphagenics will receive an initial payment, milestone payments and royalties.

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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