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Company Announcement

PHOSPHAGENICS: PAIN PATCH TECHNOLOGY MOVES FORWARD

- **Further trial of TPM transdermal technology**

Melbourne biotechnology company Phosphagenics Limited (ASX: POH; OTCQX: PPGNY) continues to move ahead with the development of its “pain patch”, a new way of delivering the commonly used painkiller oxycodone. Oxycodone, an opioid, is one of the world’s leading pain management drugs with worldwide sales exceeding US\$3 billion annually.

In a previously conducted pharmacokinetic study involving the daily administration of a patch to healthy volunteers, Phosphagenics demonstrated that its TPM/oxycodone patch delivered therapeutic levels of oxycodone to healthy volunteers over a number of days.

The company is announcing the commencement of the next phase of clinical development for its proprietary system which uses TPM™ technology to deliver pain relief transdermally, that is, through the skin.

Chief Executive Officer, Dr Esra Ogru, said recruitment has begun for the next stage clinical trial which is designed to identify the dosing parameters best suited for use in the upcoming Phase II/III clinical trial.

The current trial of the revolutionary oxycodone delivery system is being conducted at the Royal Adelaide Hospital under the guidance of Principal Investigator Professor Guy Ludbrook, Professor of Anaesthesia at the University of Adelaide.

This trial is designed to establish the optimal duration that the TPM/Oxycodone patch should be left on a patient, as well as the optimal dose of oxycodone required in a patch to provide pain relief. The study will compare the daily application of TPM/Oxycodone patches of different oxycodone doses as well as comparing the daily-applied patches to patches applied once per week.

Each subject will be administered with TPM/oxycodone patches for 14 days either daily or once per week. Oxycodone levels in the blood will be used to assess which dosing regime and duration of application has the most favourable therapeutic profile with respect to oxycodone delivery and duration of action.

The results of this trial will determine which patch dose and application method will be best suited for commercial development. The best candidate will be advanced into Phase II/III oxycodone clinical trials scheduled for 2010/2011.

Dr Ogru said the Company was working closely with an international pain advisory board and

regulatory consultants, and had mapped out a clear path forward for the development and commercialisation of this product.

Phosphagenics' Vice President R&D, Dr Paul Gavin, said the TPM/oxycodone patch system appeared to be very suitable for chronic pain management.

"The results of our TPM/oxycodone trials last year impressed global opinion-leaders in the field of pain management and generated significant commercial interest," he said.

"Our TPM™ patch system clearly has the potential to change the way in which chronic pain could be treated in the future."

Dr Gavin said that although the patches used in the initial clinical trial may turn out to be optimal, product-profiling of the patch was a necessary step in designing the Phase II/III efficacy study "and is critical for our overall program".

"If we can reduce the oxycodone dose or increase the patch duration, this would offer significant regulatory advantages and commercial outcomes," he said.

About Oxycodone

Although oxycodone, an opioid derivative, is more potent than morphine, it nevertheless produces less adverse side effects. It has become the drug of choice for chronic pain management of patients suffering from debilitating diseases such as cancer. Currently the drug can be administered orally or intravenously. Phosphagenics aims to become the first company to offer chronic pain sufferers an oxycodone patch that will provide sustained pain relief.

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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