



PHOSPHAGENICS

*Company Announcement*

## **Phosphagenics' Successful \$24.1m Capital Raising and \$3m SPP**

- **Oxycodone pain patch trials funded**

**21 October 2011, Melbourne, Australia:** Melbourne drug delivery technology company Phosphagenics Limited (ASX: POH, OTCQX: PPGNY) has raised \$24.1 million via a \$17.1 million placement to institutions and sophisticated investors and a \$7 million placement to a Singapore-based investor. It is intended to seek a further \$3 million via a share purchase plan (SPP).

"This capital raising is a pivotal moment in our company's development and positions us strongly to fulfil our commercialisation objectives. The capital raised is expected to fund our TPM/oxycodone clinical trials which are scheduled to start next month. We expect to lodge documents for FDA registration in 2013," said CEO, Dr Esra Ogru.

"It is anticipated that in the near future expected cash flows from cosmetics and other revenue sources, together with existing reserves, will be sufficient to fund our overall business" said Dr Ogru.

"We see the completion of this capital raising and the investment by new and existing institutional shareholders as a strong endorsement of the TPM® technology and commercial prospects of Phosphagenics."

The institutional placement is for 122,539,000 shares at 14 cents per share. This represents a discount of 10% to the 30 day VWAP of 15.7c. Orbis Capital, Phosphagenics' largest institutional shareholder, will increase its investment in the company by an extra \$5.7 million. A further 25 institutions will become new shareholders. The offer was substantially over subscribed.

The joint lead managers of the placement were Bell Potter Securities Ltd and RBS Morgans Limited. The company received widespread support from local, UK and Asian institutions, which responded enthusiastically to the company's strategic plans.

A further placement of 50,000,000 shares at 14 cents per share raising \$7 million will be made to a major Singaporean based investor who will become a significant new shareholder. This placement will be subject to the completion of the institutional placement and shareholders' approval at a General Meeting. This investor's involvement was secured by Singapore based, Blue Bridge Capital Pte Ltd and Red Hill Capital Partners Pte Ltd.

The company will also seek \$3 million through an SPP to existing shareholders also at 14 cents per share. The SPP opening date will be 24 October 2011. The record date for participation in the SPP offer is 20 October 2011.

---

### **Phosphagenics Limited**

ACN 056 482 403 ABN 32 056 482 403

11 Duerdin Street, Clayton VIC 3168

PO Box 1415, Clayton South MDC VIC 3169 Australia

Tel: +61 (0)3 9565 1119 Fax: +61 (0)3 9565 1151

Web: [www.phosphagenics.com](http://www.phosphagenics.com) Email: [info@phosphagenics.com](mailto:info@phosphagenics.com)

## Ends

### Enquiries:

Dr Esra Ogru  
Chief Executive Officer  
Phosphagenics Limited  
+61 3 9565 1119

David Segal  
Investor Relations Manger  
Phosphagenics Limited  
+61 3 9565 1103

Rudi Michelson  
Monsoon Communications  
+61 3 9620 3333

### About Phosphagenics

Phosphagenics is commercialising drug delivery applications based on its novel transdermal (drugs administered via skin) TPM® – Targeted Penetration Matrix technology. TPM® is a patient friendly and cost effective system used to deliver proven pharmaceutical and nutraceutical products.

The lead product advancing through clinical trials is an oxycodone matrix system for the relief of chronic pain.

Phosphagenics' shares are listed on the Australian Securities Exchange (POH) and its ADR – Level 1 program in the US is with The Bank of New York Mellon (PPGNY).

[www.phosphagenics.com](http://www.phosphagenics.com)  
[www.elixia.com.au](http://www.elixia.com.au)

---

#### Phosphagenics Limited

ACN 056 482 403 ABN 32 056 482 403

11 Duerdin Street, Clayton VIC 3168

PO Box 1415, Clayton South MDC VIC 3169 Australia

Tel: +61 (0)3 9565 1119 Fax: +61 (0)3 9565 1151

Web: [www.phosphagenics.com](http://www.phosphagenics.com) Email: [info@phosphagenics.com](mailto:info@phosphagenics.com)

# 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, 24/10/2005.

Name of entity

**PHOSPHAGENICS LIMITED ("POH")**

ABN

**320 5648 2404**

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   | ORDINARY SHARES  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 193,967,571  |
| 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) | (1) 122,539,000 shares under directors placement power<br>(2) 50,000,000 shares subject to shareholder approval<br>(3) Up to 21,428,571 shares per a Share Purchase Plan offering to members on the Register of Members as of the Record Date of close of Business 20 October 2011 |

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

<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>Yes</p>								
<p>5 Issue price or consideration</p>	<p>\$0.14 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 Equity raising proceeds will be used to progress the Company's clinical trials of its Targeted Penetration Matrix ("TPM™")/ oxycodone patch, and for general working capital.</p>								
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>(1) 26 October 2011</p> <p>(2) Subject to shareholder resolution</p> <p>(3) 11 November 2011</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>1,017,561,302</td> <td>ORDS (POH)</td> </tr> </tbody> </table>	Number	+Class	1,017,561,302	ORDS (POH)				
Number	+Class								
1,017,561,302	ORDS (POH)								
<p>9 Number and +class of all +securities not 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>8,000,000</td> <td>ESOP – MISCELLANEOUS ESOP OPTIONS</td> </tr> <tr> <td>1,000,000</td> <td>22 MAY 2014 @ \$0.17 AN OPTION</td> </tr> <tr> <td>5,000,000</td> <td><b>OTHER – OPTIONS:</b> POHAU MARCH 2013 @ \$0.142 AN OPTION</td> </tr> </tbody> </table>	Number	+Class	8,000,000	ESOP – MISCELLANEOUS ESOP OPTIONS	1,000,000	22 MAY 2014 @ \$0.17 AN OPTION	5,000,000	<b>OTHER – OPTIONS:</b> POHAU MARCH 2013 @ \$0.142 AN OPTION
Number	+Class								
8,000,000	ESOP – MISCELLANEOUS ESOP OPTIONS								
1,000,000	22 MAY 2014 @ \$0.17 AN OPTION								
5,000,000	<b>OTHER – OPTIONS:</b> POHAU MARCH 2013 @ \$0.142 AN OPTION								
<p>10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	<p>REFER PART 1.4</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<br><br><small>Note: Security holders must be told how their entitlements are to be dealt with.<br/>Cross reference: rule 7.7.</small> |  |
| 19 | Closing date for receipt of acceptances or renunciations  |  |

---

+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

- |    |   |  |
|----|---|--|
| 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  |  |
| 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 <i>in full</i> through a broker?   |  |
| 31 | How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?  |  |

---

+ See chapter 19 for defined terms.

32 How do <sup>+</sup>security holders dispose of their entitlements (except by sale through a broker)?

33 <sup>+</sup>Despatch date

### 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 <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders

36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>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 <sup>+</sup>securities

---

<sup>+</sup> See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

---

**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

--

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

--

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)

--

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

Number	+Class

---

+ 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.
  - 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.



21 October 2011

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

Mourice R Garbutt  
Company Secretary

=====

---

+ See chapter 19 for defined terms.