

27 October 2011



**THE MANAGER
COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

Dear Sir

Re: Equity Capital Raising

(A) Confirmation Placement of 122,539,000 New Shares

Further to the Company's announcement to the market on Friday 21 October 2011 of the equity capital raising by way of the issue of, in aggregate 193,967,571 new shares, subject to 'roundings' and inclusive of a Placement of 122,539,000 new ordinary fully paid shares, The Board of Directors advises that it has today issued the 122,539,000 new ordinary fully paid shares at \$0.14 a share to institutions and sophisticated investors as part of the first tranche of the capital raising program, raising funds of \$17,155,460.

(B) Share Purchase Plan ("SPP")

As announced, the Company is seeking to raise a total of \$3,000,000 by way of an SPP offering to eligible shareholders as of the Record Date of Thursday 20 October 2011, of new shares at \$0.14 a share and confirms that the SPP documentation was despatched to shareholders last evening – Wednesday 26 October 2011. The Closing Date for the SPP is Monday 7 November 2011.

(C) Placement Subject to Shareholder Approval of 50,000,000 Shares

The Company will shortly announce details of a General Meeting of shareholders to consider and, if thought fit, approve the issue of a further 50,000,000 new shares as previously disclosed in the Company's announcement on Friday, 21 October 2011 at \$0.14 a share.

Yours faithfully
Phosphagenics Limited

per Mourice Garbutt
Company Secretary
poh\asx\708A 27 03 11

Phosphagenics Limited

ACN 056 482 403 ABN 32 056 482 403
11 Duerdin Street, Clayton Victoria 3168 Australia
Telephone: +61 3 9565 1119 Facsimile: +61 3 9565 1151
Web : www.phosphagenics.com Email: info@phosphagenics.com

Enquiries:

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

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

Mourice Garbutt
Company Secretary
Phosphagenics Limited
+61 3 9605 5917

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
www.elixia.com.au