

19 March 2008



Company Announcement

Phosphagenics Initiates its Phase 2 Clinical Trial in Type 1 Diabetes

Phosphagenics Limited (ASX: POH, AIM: PSG, OTCQX: PPGNY) today announced that it has received ethics approval to commence treating patients with Type 1 diabetes in a Phase 2 clinical trial using its patented transdermal insulin delivery system, TPM/Insulin. The lead clinical investigators of the trial will be Dr Michael D' Emden, Department of Endocrinology, Royal Brisbane and Women's Hospital, and William Hsu, who is an Assistant Investigator in the Section on Clinical Research at the Joslin Diabetes Centre and an Assistant Professor of Medicine at Harvard Medical School, Boston, MA.

Ethics approval was granted on the basis of data generated from previous trials and the first arm of the Phase 2 trial, which involves the treatment of patients with Type 2 diabetes. Phosphagenics had to demonstrate safety and the effective delivery of insulin into the bloodstream of patients with Type 2 diabetes prior to receiving ethics approval to commence a trial for patients with Type 1 diabetes.

The Phase 2 trial in Type 1 patients is due to commence next month and will be conducted at QPharm in Queensland, Australia. QPharm is a well-established clinical facility and uniquely placed to conduct this type of diabetes trial. The trial is a randomised, single-blinded trial which aims to assess the efficacy of TPM/Insulin. The results of this trial will be used to assist in obtaining an IND from the FDA. This will enable Phosphagenics to commence the next phase of its clinical development program for TPM/Insulin at the Joslin Diabetes Centre. It is anticipated that the U.S. portion of the study will start this year.

"We have gathered the appropriate positive data to progress our Phase 2 study to the treatment of patients with Type 1 diabetes, which is the ideal patient population to prove the efficacy of our TPM/Insulin," said Dr. Esra Ogru, Executive Vice President of Research and Development at Phosphagenics. "The Australian clinical trials conducted to date have demonstrated that our TPM/Insulin formulation can safely penetrate through human skin and deliver insulin into the blood stream over a sustained period of time without any adverse events."

"We will continue to gather additional data and treat Type 2 patients at The Royal Adelaide Hospital under the guidance and supervision of Dr. Sepehr Shakib, Director, Department of Clinical Pharmacology, Royal Adelaide Hospital," continued Dr. Ogru.

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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 the London Stock Exchange's Alternative Investment Market (PSG). An 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

Safe Harbor Statement

This press release contains forward-looking statements based on current expectations of future events. If underlying assumptions prove inaccurate or unknown risks or uncertainties materialise, actual results could vary materially from the Phosphagenics' expectations and projections. Risks and uncertainties include general industry conditions and competition; economic conditions, such as interest rate and currency exchange rate fluctuations; technological advances and patents attained by competitors; challenges inherent in new product development, including obtaining regulatory approvals; domestic and foreign health care reforms and governmental laws and regulations.

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