



PHOSPHAGENICS

24 October 2011

Company Announcements Platform

Share Purchase Plan – Documentation

On Friday 21 October 2011 Phosphagenics Limited (ASX: POH) gave notice that it will make offers to issue shares under a Share Purchase Plan without disclosure to investors under Part 6D.2 of the Corporations Act 2001 (Act).

Enclosed is a copy of the Share Purchase Plan documentation that is to be despatched to shareholders on 26 October 2011 and consisting of:

1. Chairman's letter;
2. Plan Timetable; &
3. Terms & Conditions of the Plan offering

The individual shareholder's Share Purchase Plan Application Form will also be forwarded with the Plan documentation.

END ANNOUNCEMENT

Phosphagenics Limited

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Should applications from eligible holders for participation in the Plan in aggregate exceed the A\$3,000,000 limit, the Board of Directors will scale back applications on a pro rata basis. Excess subscription monies will be refunded (without interest) as soon as reasonably practicable.

- ***The Issue Price***

Shares will be issued under the Plan at a fixed price of A\$0.14 per share, which is equivalent to a discount of 16.66 per cent to the average Market Price¹ of ordinary shares in POH calculated over the last five days on which sales in shares in POH were recorded immediately preceding the Announcement Date. In calculating the number of shares to be issued at this price the Company will round-down to the next whole share.

- ***The Offer closes on Monday 7 November 2011***

To participate in the offer you will need to return your completed personalised Share Purchase Plan Application Form, together with the appropriate payment for the full amount to which your acceptance relates, in the enclosed envelope so that we receive it by no later than Close of Business at 5.00 p.m. Melbourne on Monday 7 November 2011.

Payment may be made by only by cheque in Australian dollars drawn on an Australian bank made payable to POH or by *Bpay* as described on your personalised offer and acceptance form.

- ***Plan conditions***

Included for your information in the accompanying Schedule of Terms & Conditions is a table of recent market prices of shares in POH.

- ***Market price risk***

You should note that there is a risk that the market price may change between the date of the offer and the date when shares are issued to applicants under the Plan. While such change will not affect the price at which shares offered under the Plan are issued, it may have an effect on the value of those shares. If the market price falls the value (based on market price) will be less and if the market price increases the value (based on market price) will be greater.

- ***No financial advice***

In deciding whether to take up the enclosed offer of shares, you should seek your own independent financial and taxation advice in respect of the offer. POH is not licensed to provide financial product advice in relation to POH shares or any other financial products. No cooling off regime applies to the acquisition of shares under the Plan.

¹ 'Market Price' has the meaning given in the ASX Listing Rules, ie, the closing price on ASX's trading platform, excluding special crossings, overnight sales and exchange traded option exercises.

- ***Application of Funds***

The Equity raising proceeds will be used to progress the Company's clinical trials of its Targeted Penetration Matrix ("TPMTM") / oxycodone patch, and for general working capital.

- ***Participation***

Eligible shareholding directors are entitled to participate in the Plan offering.

- ***Timetable and Funds Usage***

As noted above the capital raised is to primarily fund the Company's TPM/oxycodone patch clinical trials which are scheduled to start next month.

If you have any questions in relation to the Plan, please contact Phosphagenics Limited Company Secretary, Mourice Garbutt, on (03) 9605 5917.

Yours sincerely
Phosphagenics Limited



Jonathan L Addison
Chairman

PHOSPHAGENICS LIMITED

The timetable for the Share Purchase Plan (“SPP”) is as follows:

SPP Record Date	20 October 2011
Announcement of SPP (in conjunction with the Placement)	21 October 2011
ASX Listing Rule Appendix 3B lodged with ASX	21 October 2011
Cleansing notice issued to ASX pursuant to subparagraph 7(f)(ii) of the Class Order	21 October 2011
SPP Opening Date	24 October 2011
Lodge SPP Offer Booklet with ASX	24 October 2011
Despatch SPP Offer Booklet	26 October 2011
SPP Closing Date	7 November 2011
SPP Allotment Date	11 November 2011
Quotation of SPP Shares	14 November 2011



Phosphagenics Limited
(ABN 32 056 482 403)

SHARE PURCHASE PLAN 2011

Terms and Conditions

1 INTRODUCTION

Eligible holders have the opportunity to participate in the Phosphagenics Limited ("POH") Share Purchase Plan ("Plan") by subscribing for up to A\$15,000 of new fully paid ordinary shares ("New Shares") in POH without incurring brokerage, commission, stamp duty or other transaction cost.

The Plan is established pursuant to Australian Securities and Investments Commission Class Order 09/425 and the ASX Listing Rules. That instrument grants relief from the requirement to prepare a prospectus for the offer of New Shares under the Plan.

Participation in the Plan is optional and is subject to the terms and conditions set out below. By accepting the offer to purchase New Shares under the Plan, each holder agrees to be bound by the terms and conditions below and POH's constitution.

The Board of Directors has determined that for a capped raising of A\$3,000,000 the aggregate number of shares that will be issued under the Plan will not exceed 21,500,000, being approximately 2.6 per cent of the 823,593,731 ordinary fully paid POH shares currently on issue.

Should applications from eligible holders for participation in the Plan in aggregate exceed the A\$3,000,000 limit, the Board of Directors will scale back applications on a pro rata basis, to the extent that the Board sees fit. Excess subscription monies will be refunded (without interest) as soon as reasonably practicable.

The Plan is governed by the law in force in Victoria. By accepting the offer under the Plan, a holder submits to the non exclusive jurisdiction of the courts of Victoria.

All references to amounts in the Plan are to Australian dollars.

2 ELIGIBLE HOLDERS

Participation in the Plan is open for acceptance only by persons who, as at 7.00 pm (Melbourne time) on Thursday 20 October 2011 ("Record Date"), were registered as a holder of fully paid ordinary shares in POH, except those holders whose registered address is outside Australia, New Zealand or the United Kingdom.

The board of directors of POH ("Board") has determined that it is unlawful or impractical for it to make offers under the Plan to the small number of holders involved who reside or, whose addresses are, outside Australia, New Zealand and the United Kingdom.

3 ELIGIBILITY FOR PARTICIPATION

Offers made under the Plan are non-renounceable. This means that a holder cannot transfer their right to acquire New Shares under the Plan to anyone else. New Shares will be issued only to the registered holder to whom they are offered.



Each offer is made on the same terms and conditions. All eligible holders receive the same offer, irrespective of the number of shares which they hold on the Record Date.

The maximum value of New Shares for which each eligible holder may subscribe under each offer is A\$15,000 (subject to scale back described further below). The following rules apply to participation by eligible holders:

Sole Holders

Unless a holder is a Custodian (defined below), each sole holder is entitled to apply for up to a maximum amount of A\$15,000 New Shares (irrespective of whether the sole holder receives multiple offers under the Plan, for example, due to multiple registered holdings), subject to the sole holder certifying that the total of the application price for the following does not exceed A\$15,000:

- (a) the New Shares the subject of the application; and
- (b) any other fully paid ordinary POH shares:
 - (i) issued to the sole holder; and
 - (ii) which the sole holder has instructed a custodian to acquire on their behalf; and
 - (iii) issued to a custodian as a result of an instruction given by the sole holder to the custodian to apply for shares on their behalf,

under the Plan or any similar arrangement in the 12 months before the application (POH has not conducted a share purchase plan or similar Plan in the prior 12 months).

By completing and submitting the personalised Share Purchase Plan Application Form (referred to below) which accompanies the Plan, a sole holder certifies the above.

Joint Holders

Unless a holder is a Custodian (defined below), if a holder is recorded with one or more other persons as the joint holder of POH shares, the joint holding is considered a single registered holding for the purpose of the Plan. Joint holders are entitled to participate in respect of that single holding and may apply for up to a maximum amount of A\$15,000 New Shares (irrespective of whether the holder and the other person or persons receive multiple offers under the Plan, for example, due to multiple identical registered holdings), subject to the joint holder certifying that the total of the application price for the following does not exceed A\$15,000:

- (a) the New Shares the subject of the application; and
- (b) any other fully paid ordinary POH shares:
 - (i) issued to the joint holder; and
 - (ii) which the joint holder has instructed a custodian to acquire on their behalf; and
 - (iii) issued to a custodian as a result of an instruction given by the joint holder to the custodian to apply for shares on their behalf,

under the Plan or any similar arrangement in the 12 months before the application (POH has not conducted a share purchase plan or similar Plan in the prior 12 months).

By completing and submitting the personalised Share Purchase Plan Application Form (referred to below) which accompanies the Plan, a joint holder certifies the above.

Custodians and Nominees

Eligible holders who hold POH shares as custodian or nominee ("Custodian") for one or more persons on the Record Date ("Beneficiaries") may apply for up to a maximum amount of A\$15,000 New Shares in respect of each Beneficiary subject to the Custodian:

- (a) certifying to POH that the Custodian is an eligible holder of POH shares on behalf of one or more Beneficiaries, a copy of the offer documentation was given by the Custodian to each Beneficiary and each relevant Beneficiary has instructed the Custodian to apply for the New Shares on its behalf under the Plan and in addition the Custodian provides the following details:
 - (i) the number of Beneficiaries instructing the Custodian to participate;
 - (ii) the name and address of each participating Beneficiary;
 - (iii) in respect of each participating Beneficiary:
 - (A) the number of fully paid ordinary POH shares that the Custodian holds on their behalf; and
 - (B) number or the dollar amount of New Shares they instructed the Custodian to apply for on their behalf; and
- (b) undertaking not to, in respect of the Plan or other similar plan, accept on behalf of any Beneficiary, in any consecutive 12 month period, POH shares with an aggregate application price which exceeds A\$15,000.

By completing and submitting the personalised Share Purchase Plan Application Form (referred to below) which accompanies this offer, a Custodian certifies the above. If a Custodian requires more than one personalised Share Purchase Plan Application Form to provide the above information, the Custodian should contact POH and make that request.

It is at the discretion of the Custodian whether to extend the offer to their Beneficiaries.

4 HOW TO APPLY FOR NEW SHARES

The offer to participate in the Plan opens on Monday 24 October 2011.

An offer to participate in the Plan may be accepted by a registered holder only by completing and returning the personalised Share Purchase Plan Application Form provided by POH, together with the appropriate payment for the amount to which the acceptance relates, by no later than the offer closing date, Monday 7 November 2011 ("Closing Date"). Acceptances received after that time will not be accepted.

Payment may be made only by cheque in Australian dollars drawn on an Australian bank made payable to POH or by *Bpay* as described on your personalised Share Purchase Plan Application Form.

If one or more acceptance forms are received from a registered holder in relation to shares with a value greater than A\$15,000, the holder will be issued with the maximum number of shares permitted by the Plan. The difference between the subscription moneys received from such holder, and the number of New Shares allocated to the holder multiplied by the offer price, will be refunded to the holder by cheque, without payment of any interest, as soon as reasonably practicable following allotment.

If a registered holder subscribes for an amount which is not exactly divisible by the issue price for the shares, in calculating the number of shares to be issued, all fractional entitlements will be rounded down to the next whole share. POH will not refund any resulting small excess in subscription monies which will be deemed to form part of the aggregate subscription price of the shares.

Notwithstanding any other provision of these terms and conditions, the Board may, in its sole discretion, reject any offer and acceptance form which is received from ineligible holders and otherwise which:

- (a) is incomplete, incorrectly filled out or accompanied by a cheque which is not paid in full on first presentation;
- (b) the Board believes is completed by:
 - (i) a U.S. Person (as defined in the U.S. Securities Act of 1933) ("U.S. Person") or a person acting for the account or benefit of a U.S. Person; or
 - (ii) a person within the United States or a person acting for the account or benefit of a person within the United States;(collectively, "Prohibited Persons"); or
- (c) the Board believes is completed by a person within, or a person acting for the account or benefit of a person within, another jurisdiction where, in the reasonable opinion of the Board, it would be unlawful or impractical for POH to issue the New Shares.

If a cheque does not clear, the holder's offer and acceptance form will not be accepted and the holder will be deemed to agree to be responsible for any dishonour fees or other costs incurred. In relation to the dishonoured cheque, the cheque will not be re-presented.

Once submitted, applications for New Shares under the Plan cannot be withdrawn or amended.

Shareholders should consult their taxation or investment advisers to clarify the financial and taxation implications for them of subscribing for shares under the Plan.

5 ISSUE PRICE

New Shares will be issued under the Plan at the average market closing price of ordinary shares in POH traded during the last five days on which sales in shares in POH were recorded immediately preceding the announcement to ASX of the offer on Friday 21 October 2011, less a discount of 16.66 per cent. On this basis the issue price will be A\$0.14 per New Share. In calculating the number of New Shares to be issued at this price, POH will round-down to the next whole share.

No brokerage, commissions, stamp duty or other transaction costs will be payable in respect of the application for and issue of the New Shares under the Plan.

As POH share price may increase or decrease between the date the offer is made under the Plan and the date when the New Shares are allotted and issued to the holder under the Plan, the price paid by a holder for the New Shares may be higher or lower than the POH share price at the time of the offer or at the time the New Shares are issued and allotted to the holder.

The current trading price of POH can be monitored via the ASX website, www.asx.com.au, by entering the share code "POH". A table of closing market prices for the Company's shares since 1 August 2011 is shown on Annexure "A".

6 SCALE BACK

The Board of Directors has determined that for a capped raising of A\$3,000,000 the aggregate number of shares that will be issued under the Plan will not exceed 21,500,000, being approximately 2.6 per cent of the 823,593,731 ordinary fully paid POH shares currently on issue.

Should applications from eligible holders for participation in the Plan in aggregate exceed the A\$3,000,000 limit the Board of Directors will scale back applications on a pro rata basis, to the extent that the Board sees fit. Excess subscription monies will be refunded (without interest) as soon as reasonably practicable.

The difference between the subscription moneys received from each registered holder, and the number of New Shares allocated to each holder multiplied by the offer price, will be refunded to each holder by cheque, without payment of any interest, as soon as reasonably practicable.

7 ISSUE OF SHARES

POH will issue New Shares pursuant to an offer under the Plan as soon as reasonably practicable after the Closing Date and will apply for those shares to be quoted on the ASX.

POH will, within the period required by the ASX Listing Rules, send each participant (whose personalised Share Purchase Plan Application Form has been accepted by the Company) a holding statement in respect of any New Shares issued to the participant under the Plan.

Shares issued under the Plan will rank equally with all other ordinary shares in POH and will therefore carry the same voting rights, dividend rights and other entitlements as those shares from the date of issue.

8 AMENDMENT OF THE PLAN

The Board may, in its absolute discretion, amend, suspend or terminate the Plan at any time (including, without limitation, by extending the Closing Date). POH will notify ASX of any amendment, suspension or termination of the Plan, but failure to do so will not invalidate the amendment, suspension or termination.

POH may issue to any person fewer shares than subscribed for under the Plan (or none at all) if POH believes that the issue of those shares would contravene any law or the ASX Listing Rules.

9 ADMINISTRATION AND DISPUTE RESOLUTION

POH principal objective in administering the Plan is to facilitate maximum participation consistent with compliance with ASIC Class Order CO 09/425 and all applicable laws and efficient administrative practices.



POH may adopt any administrative procedures it thinks appropriate (from time to time) in relation to the Plan.

POH may settle, in any manner it thinks fit, any difficulties, anomalies or disputes which may arise under or in connection with the operation of the Plan, whether generally or in relation to any participant or class of participants, offer, acceptance or shares, and the decision of POH will be conclusive and binding on all participants and other persons to whom the determination relates.

POH reserves the right to waive compliance with any provision of these terms and conditions.

10 NOTICES

Notices and statements to participating shareholders may be given in any manner determined by POH.

11 PRIVACY ACT

Chapter 2C of the *Corporations Act 2001* (Cth) (the **Act**) requires information about shareholders (including name, address and details of the shares held) to be included in the POH public register. If a shareholder ceases to be a shareholder, Chapter 2C of the Act requires this information to be retained in the POH public register. These statutory obligations are not altered by the *Privacy Act 1988* (Cth) as amended. Information is collected to administer shareholders' security holdings.

12 NO FINANCIAL PRODUCT ADVICE

Shareholders should obtain their own advice on whether or not to participate in the Plan. POH is not licensed to provide financial product advice in relation to POH shares or any other financial products. No cooling off regime applies in respect of the acquisition of Shares under the Plan (whether the regime is provided for by law or otherwise).

12 U.S. SECURITIES ACT REGISTRATION

The New Shares offered under this Plan have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any U.S. state, and therefore, may not be directly or indirectly, offered, sold or resold to Prohibited Persons. Eligible shareholders under the offer will be required to make certain representations before being allotted any New Shares under the offer, including a representation that they are not a Prohibited Person. Persons or nominees acting for the account or benefit of any person are prohibited from extending this offer to Prohibited Persons and are not themselves eligible to participate if they act for the account or benefit of a Prohibited Person.

