



PHOSPHAGENICS

Delivering More...

Through Innovation in Transdermal Delivery

Non-Confidential
Corporate Summary

The Company

Phosphagenics is a Melbourne-based, globally driven biotechnology company focused on the discovery of new and cost effective delivery systems to enhance the bioavailability, activity, safety and delivery of proven pharmaceutical and personal care products (including nutraceuticals and cosmeceuticals). Phosphagenics' shares are listed on the Australian Stock Exchange (POH) and Phosphagenics' ADR's (PPGNY) are traded on the OTCQX in the US.

Innovative Transdermal Delivery

The epidermis and dermal layers play a protective role in preventing interaction between the internal body and external environment. Most drugs on the market today are unable to cross the dermal barrier and are taken orally in order for the active pharmaceutical ingredient to reach the systemic circulation. Many oral drugs are associated with severe gastrointestinal (GI) side effects, high first pass metabolism, peak and valley pharmacokinetic profiles, and abuse/diversion. In addition to the negative side effects, many pharmaceutical companies are looking for new drug formulations to extend product life cycle in the face of generic competition, replace lost sales as R&D productivity declines, manage the escalating cost of developing new drugs, and be able to offer novel delivery options for new chemical entities (NCE) in development. Thus, there is a large market opportunity to deliver drugs transdermally in order to minimize or eliminate the negative side effects of oral drugs and to offer new/extended market opportunities to approved or developmental drugs. Phosphagenics has developed a patented drug delivery technology called α -Tocopheryl Phosphate Mixture (TPM™) that allows for the specific and controlled delivery transdermal delivery of small molecules or peptides into the systemic circulation.

TPM Technology

Tocopheryl Phosphate Mixture (TPM™) is Phosphagenics' patented multi-component, multi-functional delivery system comprised of α -TP and α -T₂P. α -TP is a well studied signaling form of vitamin E and is associated with endogenous cellular transport. TPM is non-invasive, non-irritant, and enhances the absorption and solubility of compounds in the body. Importantly, TPM does not alter the active compound, but instead alters the lipidic structure of the stratum corneum allowing for the specific, controlled delivery and enhanced absorption of small molecules or peptides into the skin, locally or systemically.

Large Market Opportunities

The TPM drug delivery technology is a platform technology and can be applied to most therapeutic small molecules or peptides. Phosphagenics' is initially focusing on the pain and diabetes indications. Additionally, Phosphagenics has applied the TPM technology to the cosmeceutical market with Le Métier de Beauté's, Peau de Vierge line, having launched two TPM™ cosmetic products in November 2009.

Pain

Many opioid drugs are associated with severe GI and dose spiking side effects. Sustained transdermal delivery of opioids or other analgesics for chronic pain sufferers offers breakthrough market opportunities. The market size of opioids is large, with the sale of opioids set to grow from US\$10 billion in 2008 to \$14 billion by 2018. In addition, sales of non-narcotics and narcotics for 2008 were >US\$11.3 billion and >US\$10 billion, respectively with projected sales for 2013 >US\$16.1 billion and >US\$11.5 billion, respectively.

Phosphagenics' lead pain product is a TPM/oxycodone patch. The TPM/oxycodone patch has the potential to be the first in transdermal oxycodone delivery – currently there is a very large unmet medical need for non-invasive, non-irritating sustained release opioid delivery. Phosphagenics has completed all of the preclinical safety studies in Australia and in September 2009, demonstrated sustained release of oxycodone in the Phase I safety and tolerability study of with its matrix patch. In February of 2010, Phosphagenics' announced the successful results of its Phase Ib clinical trial, which showed that the daily application of a TPM™-oxycodone patch delivered therapeutic bloodstream levels of oxycodone in a reproducible, consistent and sustained manner with no irritation observed.

Phosphagenics recently completed a Phase I study in Australia for its second pain product TPM/lidocaine. This Phase I study demonstrated significantly increased in vivo local absorption of lidocaine in the TPM/lidocaine group versus Xylocaine 5% ointment with no differences in plasma levels of lidocaine.

Phosphagenics' third pain product is TPM/diclofenac. Data from the Phase I study showed TPM/diclofenac delivered on average over four times more ($p < 0.001$) diclofenac into the stratum corneum, than Voltaren® gel. TPM/diclofenac also significantly increased the depth of penetration, with 380 percent ($p < 0.001$) more diclofenac in the deepest layers of the skin sampled.



PHOSPHAGENICS

Delivering More...

Through Innovation in Transdermal Delivery

Non-Confidential
Corporate Summary

Diabetes

Phosphagenics is developing TPM/insulin for the transdermal delivery of insulin. Sales of insulin and analogues were US\$13.3 billion in 2008 and are projected to grow to >\$20 billion by 2013. Many Type 2 diabetic patients exhibit poor compliance due to the “prick” associated with injection. TPM/insulin offers an alternative to injections and thus the potential to improve compliance and management of Type 2 diabetes. Phosphagenics’ goal is to develop TPM/insulin as a minimal handling, first to market, single system.

Phosphagenics recently completed two Phase I TPM/insulin studies and a small scale Phase IIa study in Australia and is currently incorporating its newly optimized insulin formulation with its patch system and plans to resume clinical studies during the first half of 2010.

Cosmeceuticals

Phosphagenics has developed cosmeceutical products from its TPM platform built around years of scientific & clinical research. In November 2009, Phosphagenics, in partnership with Le Métier de Beauté, launched two high-end products in the US, sold in Neiman Marcus, Bergdorf Goodman, John Barrett, Jose Eber and Fred Segal. Additionally, in March 2010, Australian based exclusive pharmacies plan to release six personal care products under the brand name Elixia.

Business Model

Phosphagenics’ business model is to marry its novel TPM delivery technology with products through partners. Phosphagenics will generate value from development fees, licensing fees, milestone payments, and sales royalties. Over time, Phosphagenics will partner at increasingly later stages of product development to maximize value.

Financial Information

OTC symbol	PPGNY
Market Cap	\$114 million AUD
Shares outstanding	740 M shares
Recent capital raise/amt	May '08/ \$9.1M
Recent capital raise/amt	Oct. '09/ \$7.0M
Burn Rate	\$750,000 per month
Cash balance	\$10.9 M at 31 Dec 2009

Management

Harry Rosen: President & Chief Executive Officer

Mr. Rosen is an Executive Director of Phosphagenics Limited and is a non-practicing lawyer. He is one of the founders of Betatene Ltd and Denehurst Ltd, two formerly ASX listed companies which commercialized significant research and development. Betatene is the world's largest producer of natural beta-carotene. After the purchase of Betatene Ltd by Henkel Corporation, Mr. Rosen served as Vice President, Corporate Development. As a Vice President of Henkel Corporation, he worked for a number of years in the US in the nutrition and health care industries.

Esra Ogru: Chief Operating Officer

Dr. Ogru has many years experience in both the academic and commercial aspects of the industry. Prior to joining Phosphagenics in 2001, Dr. Ogru carried out significant research on obesity and diabetes. Additionally, she has considerable experience in the management of pre-clinical and clinical development of pharmaceutical products.

Fred Banti: President, Phosphagenics Inc.

Mr. Banti joined Phosphagenics in 2008 as Senior Vice President and Chief Business Officer, working out of its New York office. He has more than 29 years experience as a pharmaceutical executive with strong management credentials in corporate, business and strategy development, portfolio and project management, commercial assessments and R&D. He possesses a thorough understanding of the drug development and commercialization process.

Contact Us

For additional information and partnering opportunities contact:

Dr. Esra Ogru
Phosphagenics Limited
11 Duerdin Street
Clayton, VIC 3168
Business: +61 3 9565 1119
Email: eogru@phosphagenics.com

Mr. Fred Banti
Phosphagenics Inc.
9 Cardinal Way
Flemington, NJ 08822
Business: +1 646 706 2155
Email: fbanti@phoshagenics.com