

Phosphagenics' \$19.3 million Capital Raising

- *Includes \$3 million Share Purchase Plan*
- *Upcoming opioid pain patch trials fully funded*

11 July 2014, Melbourne: Australian drug delivery company, Phosphagenics Limited (ASX: POH; OTCQX: PPGNY), has raised \$19.3 million via a placement of \$16.3 million to institutional and sophisticated investors in Europe, USA, Asia and Australia and \$3 million from a share purchase plan (SPP) to be offered to existing shareholders. The placement of \$16.3 million will be made in two tranches.

“This capital raising positions us strongly to fulfil our commercialisation objectives and fully funds our scheduled TPM[®]/opioid clinical trial programs. The capital raised is earmarked for our pivotal TPM[®]/Oxymorphone Phase 2 clinical trial in the USA scheduled for the first half of 2015 and our upcoming TPM[®]/Oxycodone Phase 2 trial in Australia,” said CEO, Harry Rosen.

“The capital raising comes at a time when the Company is focusing on exploiting the commercialisation of several of its lead programs. We have recently strengthened our business development capacity in the US to assist in this process. While we have unquestionably shown that our technology provides enhanced delivery solutions across a wide range of products, we now need to translate this to commercial outcomes,” said Harry Rosen.

The completion of this capital raising and the investment by new and existing institutional shareholders is a strong endorsement of the TPM[®] technology and commercial prospects of Phosphagenics.

The institutional placement is for initially 153,000,000 shares at 8 cents per share. This represents a discount of 11% to the last sale price of 9 cents. A placement of a further 51,000,000 shares at the same price will be subject to shareholders' approval at a General Meeting to be held on or around 25 August.

The lead manager of the placement was Bell Potter Securities Ltd, assisted by Taylor Collison Ltd as co-manager for Australian institutions. The Company received widespread support from local and overseas institutional investors, the majority of which were healthcare specific investment funds, which responded positively to the Company's technology and strategic plans. Several of Phosphagenics existing institutional holders also took allocations in this placement.

Phosphagenics will also seek to raise a further \$3 million through an SPP to existing shareholders also at 8 cents per share. The record date for participating in the SPP offer is 10 July 2014. The SPP opening date will be 15 July 2014.

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About Phosphagenics

Phosphagenics Limited is a drug delivery company that is commercialising various products within the pharmaceutical, cosmetics and animal health sectors, using its proprietary drug delivery system called TPM[®] (Targeted Penetration Matrix). TPM[®] is a patient friendly and cost effective system, based on Vitamin E, that enhances the topical or transdermal delivery of active molecules. The lead products advancing through clinical trials are oxymorphone and oxycodone patches 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 (PPGY).

Inherent Risks of Investment in Biotechnology Companies

There are a number of inherent risks associated with the development of pharmaceutical products to a marketable stage. The lengthy clinical trial process is designed to assess the safety and efficacy of a drug prior to commercialisation and a significant proportion of drugs fail one or both of these criteria. Other risks include uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development, the obtaining of necessary drug regulatory authority approvals and difficulties caused by the rapid advancements in technology.

Forward-looking Statements

Certain statements in this announcement may contain forward-looking statements regarding Company business and the therapeutic and commercial potential of its technologies and products in development. Any statement describing Company goals, expectations, intentions or beliefs is a forward-looking statement and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the process of developing technology and in the process of discovering, developing and commercialising drugs that can be proven to be safe and effective for use as human therapeutics, and in the endeavour of building a business around such products and services.

www.phosphagenics.com
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