



PHOSPHAGENICS

ASX Limited
Market Announcements Office

Phosphagenics Initiates Clinical Program with Oxymorphone TPM[®] Patch

- *Expansion of pain portfolio to include Oxycodone and Oxymorphone*
- *Oxymorphone Phase 1 trial to begin February 2013 Royal Adelaide Hospital*

16 January 2013, Melbourne, Australia: Melbourne drug delivery technology company, Phosphagenics Limited (ASX: POH, OTCQX: PPGNY), will launch a Phase 1 study of a transdermal patch incorporating the powerful opioid oxymorphone in early February.

The patch design incorporates the Company's proprietary TPM[®] platform delivery technology to enable superior delivery of the potent compound, which is used to manage chronic pain.

The study will be conducted at the Royal Adelaide Hospital with results expected to be announced in March.

Oxymorphone is an opioid analgesic used for the relief of moderate-to-severe chronic pain. In an extended-release formulation it is used for patients requiring around-the-clock pain relief. The compound is ideally suited for use in a 72-hour patch.

Oxymorphone is following a similar commercial path to oxycodone. Since the FDA approved oxymorphone in an extended release (twice a day) oral formulation in 2006, it has experienced meteoric sales growth in the USA, generating revenues of over \$600 million in 2012. Prior to 2006, sales of the compound were negligible.

Phosphagenics' current pain portfolio includes both oxycodone and oxymorphone. The combined US market for these two compounds, which are currently administered orally, exceeds 70 per cent of the \$5 billion extended-release opioid market. While oxycodone dominates the market, sales of oxymorphone grew by over 17 per cent in 2012 to become the third largest opioid in the category. Oxymorphone is a significantly more potent opioid than oxycodone. It is also less orally bioavailable. These factors mean oxymorphone presents Phosphagenics with another blockbuster opportunity.

The Company is preparing to re-enter the clinic to conduct a multi-dose trial with its lead product, oxycodone patch. This product has been in development with global leaders in patch design and development over an extended period. The knowledge and experience gained by Phosphagenics during this process has enabled it to take oxymorphone from concept to clinic in approximately six months. This acquired capability, coupled with the superiority of the TPM[®] delivery platform, bodes well for the rapid expansion of the Company's pain portfolio to include other opioids.

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Phosphagenics' CEO, Dr Esra Ogru, said transdermal delivery of oxymorphone provided greater flexibility in terms of patch size and efficacy. Furthermore, transdermal delivery addresses the substantial food effect and low bioavailability associated with oral delivery of this compound.

The Company has been in discussions with its US strategic commercial development partners, Neura Therapeutik, to define the main requirements for ongoing clinical and non-clinical development of the oxymorphone patch. This includes the preparation of a Target Product Profile, which the Company plans to research with potential patients and prescribers.

Dr Ogru said: "We believe oxymorphone would be a suitable companion product to oxycodone in any transdermal pain management portfolio. Together, these products would be appropriate for tackling all levels of chronic pain indications from opioid naïve to opioid experienced patients."

She added: "We will build on the momentum generated by our development team in getting oxymorphone to the clinic so quickly and will aggressively pursue the clinical development program and the possibility of an early licensing deal."

Phosphagenics has started planning for the next stage of oxymorphone clinical trials. It is also on track to return its oxycodone patch to the clinic.

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About Phosphagenics

Phosphagenics Limited 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).

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