Company Announcement

Phosphagenics Completes Enrolment in Phase 2 Acne Treatment Trial

23 April 2014, Melbourne: Australian drug delivery technology company Phosphagenics Limited (ASX:POH; OTCQX:PPGNY) today announced that it has completed enrolment for its Phase 2 clinical trial of the Company's improved treatment for the common skin disorder acne vulgaris.

The three month study is examining the efficacy of the topical acne drug tretinoin formulated with Phosphagenics' proprietary transdermal delivery technology TPM®, against a leading commercial tretinoin formulation. A total of 54 patients have been recruited for the randomised double blind study at three trial sites in Perth, Brisbane and Hamilton, New Zealand. The trial will be completed at the end of this quarter, with results to be announced Q3 2014.

Previous studies conducted by Phosphagenics demonstrated a significant increase in the delivery of tretinoin into the skin compared to a leading commercially available product as well as substantially deeper penetration of the drug. This was achieved with less irritation to the skin and surrounding application area when evaluated against the comparator.

Tretinoin is a drug most commonly prescribed by dermatologists for topical treatment of acne. However, it causes adverse skin irritation in many patients and consequently leads to a large number of those patients withdrawing from treatment. As a result, products often contain a less than optimal amount of tretinoin to reduce irritation but this leads to a decrease in efficacy as well.

The global market for acne prescription and over the counter (OTC) products is estimated at $3 billion per annum. The market for tretinoin exceeds $200 million in sales in the US market alone and that market could potentially be increased significantly with a superior product.

"Dermatological products and particularly those with active ingredients that need to penetrate deeply into the skin but cause irritation, lend themselves perfectly to this technology. They are therefore of great interest to our Company," said Harry Rosen, CEO of Phosphagenics Limited.

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"The size of the acne market and the low cost of registering dermatological products justifies the allocation of our expertise and efforts in this area. If we can replicate our initial studies in this phase 2 trial and beyond, it would result in a substantially superior product with better efficacy for patients and less skin irritation."

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About Phosphagenics

Phosphagenics is a biotechnology company that is commercialising various products within the pharmaceutical industry using its proprietary drug delivery system 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.

The pain portfolio currently consists of five products at different stages of development including one formulation TPM®/diclofenac that has been launched in India by global pharmaceutical company Novartis.

Its TPM®/oxymorphone patch product in a 2013 clinical trial was able to deliver therapeutic levels of oxymorphone into the bloodstream, a world first. The next stage of trials for this patch will be conducted in the USA.

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).

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 ASX 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 www.bioelixia.com