

11 May 2015

Dear Shareholder

I have been CEO of your Company now for just over 100 days. I agreed to take the CEO role at Phosphagenics because I believed my experience in building and rebuilding businesses and track record in helping businesses to focus and realise value from their assets would be invaluable to Phosphagenics.

My plan has been to use the first few months to thoroughly review all Phosphagenics' history, assets, personnel, processes and opportunities with a view to determining, without fear or favour, where we should go from here. At the upcoming AGM I intend to delineate my vision of how we will restore and add to shareholders worth.

In talking with shareholders, one of the major points raised has been the Company's failure to deliver against promised timelines and expectations and I recognise that this has undermined shareholder trust. Whilst drug development has inherent risks which can negatively affect a company's ability to deliver, I am acutely aware of how important it is to meet and deliver on our commitments. I see the restoration of the Company's reputation and credibility as an immediate requirement for driving support for the stock and restoring shareholder value. Whilst we must not ignore the past, we must focus on what we can deliver and when.

I realise that it's not possible for all investors and shareholders to attend the AGM, nor is it necessarily possible to accommodate everyone, but I would like on a personal basis to encourage you where possible to come to the AGM on 18th May* so that I can meet and hear from you directly and you can meet and hear my vision.

Kind regards



Ross Murdoch
CEO

*** Meeting details:**

Date: Monday 18 May 2015

Place: RACV City Club, 501 Bourke Street, Melbourne.

Time: 3.00 pm

RSVP: If attending please email mmiller@phosphagenics.com – to give us an indication of numbers as space is limited.

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