



*ASX Limited
Market Announcements Office*

Phosphagenics Extends Due Diligence Period for Opioid Patches in Japan

10 November 2016, Melbourne: Australian drug delivery company, Phosphagenics Limited (ASX: POH; OTCQX: PPGNY), announced today that it has agreed to extend the period by which Terumo may conduct exclusive due diligence in respect of Phosphagenics' opioid patches in Japan by three months.

In the second quarter of 2016, Terumo was granted an exclusive six-month term to undertake due diligence in relation to both Phosphagenics' TPM[®]/Oxymorphone and TPM[®]/Oxycodone patches in Japan, with the intention of assessing whether to enter into an exclusive license.

Following six months of extensive technical and commercial due diligence, including a joint International Scientific Advisory meeting in New York City, Terumo has requested further time to complete due diligence and progress negotiations. During the next phase of discussions, both companies will work together with the intention to conclude the assessment and move to a development and licensing agreement. Any such agreement will include the terms of payment by Terumo to Phosphagenics.

Phosphagenics' Chief Executive Officer, Dr Ross Murdoch, said, "Both companies have made considerable progress and are working closely to explore ways to maximise the potential of our opioid patches in Japan. We continue to be very impressed by the quality of interactions with Terumo, and they continue to be an excellent partner. The strategic R&D alliance between Phosphagenics and Terumo for three additional pharmaceutical products, including the TPM[®]/Propofol injectable, has now been in operation for six months and continues to make excellent progress."

Phosphagenics will keep the market informed of further progress as appropriate.

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About Phosphagenics

Phosphagenics Limited is focused on developing and commercialising innovative Human Health, Animal Health and Personal Care products using its proprietary drug delivery system called TPM[®] (Targeted Penetration Matrix). TPM[®] is derived from Vitamin E using a unique, proprietary and patented process and has been proven to enhance the solubility and oral, dermal and transdermal absorption of drugs and nutrients.

Amongst its major projects, Phosphagenics' is developing TPM[®] enhanced patches, gels and injectable products for the human health market and is also developing TPM[®] to enhance the feed efficiency and health of livestock.

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).

About Terumo

Terumo Corporation is engaged in the manufacture and sales of medical products and devices, including pharmaceuticals. The company is headquartered in Japan, with extensive global operations.

Terumo is listed on the Tokyo Stock Exchange (TSE: 4543) with a market capitalisation in excess of ¥1.5 trillion.

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