



ASX Limited
Market Announcements Office

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PHOSPHAGENICS ANNOUNCES UP TO A\$4.7m EQUITY RAISING TO PROVIDE FUNDS FOR ARBITRATION AND SUPPORT ONGOING DEVELOPMENT

Highlights

- Phosphagenics to raise up to approximately A\$4.7 million before costs via a 1 for 4 traditional non-renounceable entitlement offer, at an issue price of A\$0.015 per share
- Offer price of A\$0.015 per new share represents (based on the last traded price on 21 September 2017):
 - a 14% discount to the theoretical ex-rights price of A\$0.0174;
 - a 17% discount to the last traded price of A\$0.018; and
 - a 21% discount to the 5 day VWAP of A\$0.019.
- Proceeds from the equity raising will provide funds for Phosphagenics to progress the Mylan arbitration as well as continue the development and partnership of the TPM Opioid Patches, the TPM Injectable Portfolio, the TPM Animal Health opportunities and cash on hand for working capital and other purposes, and fund the costs of the Entitlement Offer

Overview

Phosphagenics Limited (**ASX: POH, Phosphagenics or Company**) is pleased to announce that it is to undertake a 1 for 4 traditional non-renounceable entitlement offer to raise up to approximately A\$4.7 million (**Entitlement Offer**).

The Company has received pre-commitments from existing shareholders up to a value of approx. \$567,000 and the Entitlement Offer is also partially underwritten by a number of existing shareholders and new investors up to a value of approx. \$980,000 (**Underwriters**). In particular, Australian-based directors Dr Greg Collier, Mr David Segal and Dr Ross Murdoch (or their related entities) have underwritten the Entitlement Offer to the value of \$30,000, \$30,000 and \$25,000 respectively.

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Use of proceeds

The net proceeds raised from the Entitlement Offer will provide funds for Phosphagenics to progress the Mylan arbitration as well as continue the development and partnership of the TPM Opioid Patches, the TPM Injectable Portfolio, the TPM Animal Health opportunities and cash on hand for working capital and other purposes, and fund the costs of the Entitlement Offer.

Commenting on the Entitlement Offer, Phosphagenics' CEO and Managing Director, Dr Ross Murdoch, said:

“The Board and I remain focused on driving shareholder value and we are committed to obtaining ongoing financing of Phosphagenics that is not unduly dilutive to Phosphagenic’s shareholders. At this time, we believe that this form of capital raising, which allows all shareholders to participate, is an essential part of keeping Phosphagenics financially strong through the Mylan arbitration process and beyond. We are targeting a minimum of \$3 million¹ through the entitlement offer although the possibility of raising a greater amount exists and would of course be welcomed. I am very heartened to see that with the strong support and pre-commitments from an initial small group of key shareholders and some partial underwriting, including from some directors, we have already been able to secure more than half of this target. I now hope that as the offer is opened to all shareholders that we can continue to send the same message of strong support as we move through the Mylan arbitration and into 2018.”

Equity raising details

Details of the Entitlement Offer

The Entitlement Offer consists of a traditional non-renounceable entitlement offer of 1 new Share for every 4 Shares held at an issue price of A\$0.015 per new share to raise up to approximately \$4.7 million before costs.

Participation in the Entitlement Offer will be open to Phosphagenics shareholders who are registered holders of Shares on the record date of 7.00pm on Monday, 2 October 2017 and who have a registered address in Australia or New Zealand or in Singapore or Hong Kong to the extent the offer can be made in accordance with applicable securities laws (**Eligible Shareholders**).²

¹ Phosphagenics has received pre-commitments and underwriting to an aggregate value of \$1.564 million, the amount by which the total raising exceeds this depends on the level of acceptances received under the Entitlement Offer.

² Determination of eligibility of shareholders for the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Phosphagenics. Shareholders should refer to the Booklet for further information.

The entitlements of an Eligible Shareholder under the Entitlement Offer (**Entitlement**) are non-renounceable and will not be tradeable on ASX or otherwise transferable off-market. Shareholders may take up all, part or none of the Entitlement, however shareholders who do not take up all or part of their Entitlements will not receive any value in respect of those Entitlements not taken up.

Shareholders who are not Eligible Shareholders cannot participate in the Entitlement Offer and will not receive any value in respect of the Entitlements.

Up to approximately 315 million new ordinary shares in Phosphagenics will be issued under the Entitlement Offer. Shares issued under the Entitlement Offer will rank equally with existing shares on issue.

The Entitlement Offer will include a shortfall facility, under which Eligible Shareholders who take up their full Entitlement will be able to apply for additional Shares (subject to a cap) in the Entitlement Offer from a pool of new Shares made up of those not taken up by other Eligible Shareholders or by shareholders that are ineligible to participate in the Entitlement Offer. There is no guarantee that applicants under this shortfall facility will receive all or any of the new Shares they apply for under the shortfall facility.

To the extent they are available, the Underwriters will take up shortfall Shares to the value of \$980,545.

Phosphagenics will notify shareholders as to whether they are eligible to participate in the Entitlement Offer. Eligible Shareholders will receive an Entitlement Offer Information Booklet (**Booklet**). The Booklet will include a personalised entitlement and acceptance form which will provide further details of how to participate in the Entitlement Offer.

Further information in relation to the Entitlement Offer, including the terms and conditions, will be outlined in the Booklet, expected to be lodged with the ASX on Thursday, 28 September 2017 and distributed to Eligible Shareholders on Tuesday, 3 October 2017.

Further information in relation to the equity raising and the matters set out above, including important notices and key risks, are set out in the investor presentation lodged with ASX on Tuesday, 26 September 2017.

Key dates¹

Activity	Date (AEST ¹ unless otherwise stated)
Announcement of Entitlement Offer	Tuesday, 26 September 2017
POH Shares begin to trade on an “ex-entitlement” basis	Friday, 29 September 2017
Record Date for determining Eligible Shareholders under the Entitlement Offer	Monday, 2 October 2017
Entitlement Offer opens and Entitlement Offer Booklets despatched	Tuesday, 3 October 2017
Entitlement Offer closes	Thursday, 12 October 2017
Allotment of New Shares issued under the Entitlement Offer	Thursday, 19 October 2017
Despatch of holding statements and normal trading of New Shares issued under Entitlement Offer	Friday, 20 October 2017

¹ All dates are indicative only and are subject to change. Phosphagenics reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer, including extending the Entitlement Offer or accepting late applications and to withdraw or vary the Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the date for the issue of new Shares under the Entitlement Offer. All times above are Australian Eastern Standard time.

Important Information

This document does not constitute an offer of New Shares of Phosphagenics in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted in the investor presentation dated on or about the date of this document.

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States of America, or in any other jurisdiction in which such an offer would be illegal. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933 (the **US Securities Act**), or under the securities laws of any state or other jurisdiction of the United States of America and may not be offered or sold within the United States of America, except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws. This document may not be distributed or released in the United States.

This announcement contains certain ‘forward-looking statements’ within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as ‘may,’ ‘should,’ ‘expect,’ ‘anticipate,’ ‘estimate,’ ‘scheduled’ or ‘continue’ or the negative thereof or comparable terminology. Any forecasts or other forward looking statements contained in this announcement are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. Phosphagenics does not give

any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur and you are cautioned not to place undue reliance on forward looking statements.

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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).

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