



ASX Limited
Market Announcements Office

NOTICE UNDER SECTION 708AA(2)(f) OF THE *CORPORATIONS ACT 2001* (CTH) – RIGHTS ISSUE CLEANSING NOTICE

26 September 2017, Phosphagenics Limited ACN 056 482 403 (ASX: POH) (**Company**) today announced that it is undertaking a non-renounceable pro-rata entitlement offer (**Entitlement Offer**) to raise up to approximately \$4.7 million, before offer costs and expenses.

Under the Entitlement Offer, eligible shareholders that are entitled to participate can subscribe for 1 new share (**New Share**) for every 4 shares held as at 7.00pm (AEST) on Monday, 2 October 2017 at an issue price of \$0.015 per New Share.

The Entitlement Offer is partially underwritten by certain existing shareholders and new investors (**Underwriters**) to a value of approximately \$980,000.

Further details regarding the Entitlement Offer are set out in the announcement released today and also in the information booklet to be despatched to shareholders on Tuesday, 3 October 2017.

This notice is given by the Company under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (**Act**) (as notionally modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84).

For the purposes of section 708AA(7) of the Act, the Company advises that:

- (a) Subject to rounding of entitlement, 315,491,490 New Shares will be issued without disclosure to investors under Part 6D.2 of the Act;
- (b) this notice is being given under section 708AA(2)(f) of the Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84);
- (c) as at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act;
- (d) as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Act that is required to be set out in this notice; and

Phosphagenics Limited

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- (e) the potential effect the Entitlement Offer will have on the control of the Company, and the consequences of that effect, will depend on a number of factors, including eligible shareholders' interest in taking up their entitlements as well as the level of participation of eligible Shareholders in taking up Additional Shares under the shortfall facility. While it is not possible for the directors to predict the outcome of these factors, a non-exhaustive list setting out the likely effect on control is as follows:
- (i) the percentage interests of:
 - (A) shareholders that are not eligible Shareholders; and
 - (B) eligible Shareholders who do not take up their full entitlement, will be diluted;
 - (ii) if all eligible Shareholders take up their entitlements for New Shares, all eligible Shareholders will hold the same percentage interest in the Company as before the Entitlement Offer;
 - (iii) any remaining New Shares not taken up in the shortfall facility will be issued to the Underwriters to a value of \$980,000 and, having regard to the number of New Shares to be issued, even if a substantial shortfall eventuated, no Underwriter would be in a position to exercise any substantive control in the Company; and
 - (iv) no person (including the Underwriters) will be issued New Shares if such issue would result in their voting power in the Company, in aggregate with the voting power of their associates, increasing from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.

Enquiries

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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.

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