



*ASX Limited
Market Announcements Office*

Phosphagenics Signs Term Sheet for TPM[®]/Diclofenac Gel in Asia

26 September 2017, Melbourne: Australian drug delivery company, Phosphagenics Limited (ASX: POH; OTCQX: PPGNY), is pleased to announce the signing of a term sheet with Sichuan Credit Pharmaceutical Co. Ltd. (known as Credit Pharma) for the TPM[®]/Diclofenac gel in China, Hong Kong, Macau and Taiwan.

The term sheet details the proposed terms of a development and licensing agreement which would grant Credit Pharma exclusive rights to develop, market and sell the TPM[®]/Diclofenac gel in China, Hong Kong, Macau and Taiwan. Phosphagenics will receive a non-refundable payment of USD \$100,000 within the next 30 days. It is also entitled to receive an additional USD \$300,000 within 30 days of a definitive agreement being signed, which Phosphagenics is targeting to occur prior to the end of January 2018.

Upon the commercialisation of the product, Phosphagenics would be entitled to receive a 10% royalty on the net sales by Credit Pharma. The parties will also negotiate a formal supply agreement enabling Phosphagenics to be the exclusive provider of TPM[®].

Phosphagenics' Chief Executive Officer, Dr Ross Murdoch, said, "With this agreement, our TPM[®]/Diclofenac gel should soon be available to almost half of the world's population. China represents a very important market for Phosphagenics' products and we look forward to finding ways to build on this partnership with Credit Pharma."

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 Sichuan Credit Pharmaceutical Co. Ltd.

Established in 2004, Sichuan Credit Pharmaceutical Co. Ltd. (Credit Pharma) is a privately-held, CNS specialty pharmaceutical company with R&D, manufacturing, and sales and marketing capabilities in China. Credit Pharma is a portfolio company of OrbiMed, a leading healthcare investment firm, with approximately \$13 billion in assets under management.

The company's subsidiary, Sichuan Credit Chemwerth Pharmaceutical Co., Ltd. (Credit Chemwerth), was the first company in Sichuan Province to receive FDA certification to export APIs to the US and Europe.

Credit Pharma is headquartered in Chengdu, Sichuan Province, China, and had annual gross revenues in 2016 in excess of \$69.6M AUD.

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