

PHOSPHAGENICS

5 April 2004

**The Manager
Company Announcements Office
Australian Stock Exchange Limited**

Dear Sir

**PHOSPHAGENICS' SUCCESS OPENS WAY
FOR MORPHINE SKIN PATCH TRIALS**

We attach the media release which was inadvertently omitted from this morning's announcement.

Yours faithfully
Phosphagenics Limited

Mourice Garbutt
Company Secretary
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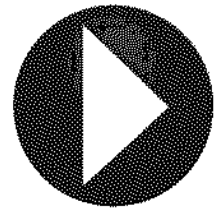
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PHOSPHAGENICS

MEDIA RELEASE

5 April 2004

PHOSPHAGENICS TARGETING \$US 880M MORPHINE DELIVERY MARKET

In a world first Phosphagenics Limited (ASX:POH) announced today that it has successfully completed all mandatory animal studies on its patented skin-patch transdermal delivery system for morphine, clearing the way for human trials. Patent applications have been completed.

Phosphagenics is targeting the world morphine-delivery market, estimated to reach \$US 880 million a year at product launch in five years time, according to Phosphagenics Managing Director, Dr Ian Pattison.

"Morphine is the gold standard in pain management and while previous attempts have been made to deliver it through the skin they have never been successful", he said.

"Morphine is currently delivered orally, intravenously or intramuscularly but can produce severe side effects including nausea, constipation and dizziness. Also the greatest limitation in current morphine delivery technology is providing users with a steady amount of morphine over a long period of time.

"Following Phosphagenics' studies showing morphine can be easily delivered through rats' skin, it has now demonstrated similar results in pigs. Pigs have physiological similarity to humans but with thicker skin. Thus the success indicates that morphine should be easier to deliver transdermally in humans.

"The Victorian Department of Primary Industries at Werribee Pig Research Centre conducted the trials for Phosphagenics. Results show that morphine was still active six hours after a single application. There were no signs of skin damage or irritation.

"Transdermal delivery can eliminate some side effects while delivering a much more consistent dose. Also there are two winning commercial factors - cost and speed to market. According to the Boston Consulting Group it usually it takes 4-8 years to develop transdermal delivery of an existing drug at a cost of \$10-15 million. Developing a new drug can take up to 15 years at a cost of around \$500 million."

Phosphagenics' Vice-President of Research and Development, Dr Esra Ogru, said that human safety trials will be conducted in the near future with Phase One trials starting late 2004 or early 2005 depending on time taken to obtain regulatory and ethics approvals.

"Our human safety trials are scheduled to start in the third quarter of this year. "

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Dr Ogru said Phase three trials represent the final stage of testing prior to approval being given for the release of the new transdermal drug on to the market. It is the Company's intention to license the product before reaching the Phase three trial stage.

She said fentanyl a synthetic opioid is the largest selling transdermal drug with sales exceeding US\$1.3 billion despite clinical limitations. When introduced as a patch delivery system, sales of fentanyl grew 30 times within 10 years. This pain management market presents significant opportunities for Phosphagenics' transdermal morphine.

FURTHER INFORMATION: Phosphagenics Limited Vice President of Research and Development, Dr Esra Ogru, 03 9605 5999 or Mobile 0402 080 846

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