



18 January 2006

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

Dear Sir

**re: Phosphagenics announces successful results from a Phase Ib clinical trial
of its transdermal morphine gel**

Attached for release to the market is an announcement relating to Phosphagenics results from a Phase1b clinical trial of its transdermal morphine gel.

Yours faithfully
Phosphagenics Limited

per Mourice Garbutt
Company Secretary
p\asx\transdermal 18 01 06



Phosphagenics announces successful results from a Phase Ib clinical trial of its transdermal morphine gel

Melbourne, VIC, Australia, 18 January 2006

Phosphagenics Limited ("Phosphagenics"), the Australian Stock Exchange (ASX:POH) and AIM (AIM:PSG) listed pharmaceutical and nutraceutical company, today announces successful completion of the Phase Ib clinical trial of its transdermal morphine gel, TPM-01/Morphine. The study demonstrated that therapeutic levels of morphine in plasma were achieved using Phosphagenics' transdermal delivery technology. Phosphagenics now plans to seek approval for a Phase IIa study to assess the efficacy of TPM-01/Morphine for relief of post-operative pain, which is expected to commence in early 2006.

The Phase Ib study, conducted over a week at the Royal Adelaide Hospital, South Australia was an 18-patient, single dose, open label, randomised study that examined the pharmacokinetics of Phosphagenics' transdermally delivered morphine gel. In the study, the morphine gel, administered via a single application to the upper arm, achieved therapeutic blood morphine levels within 2 hours and these were maintained for over 48 hours with full clearance occurring by 72 hours. These results mirrored those achieved in a Phase Ia study on TPM-01/M, conducted to establish the tolerability and safety of the product. The TPM-01/Morphine research is 50% funded by an R&D START grant of \$1.7 million from the Australian Government through AusIndustry.

TPM-01/Morphine was developed using the company's proprietary transdermal penetration enhancer technology, TPM-01. TPM-01/Morphine is a non-invasive, patient-friendly gel that delivers morphine through the skin into the bloodstream. While oral administration of morphine produces dose spiking and side effects including constipation, nausea, and drowsiness, Phosphagenics believes that topical administration may eliminate many of these side effects and offer the opportunity for sustained delivery of morphine for chronic pain sufferers. The current longest acting morphine products provide therapeutic blood levels for up to 24 hours, compared to over 48 achieved with TPM-01/Morphine.

There is currently no commercially available transdermal morphine product. The only transdermal opioid pain killer on the market is the drug fentanyl, with sales in excess of US\$ 2bn a year. Phosphagenics has recently shown that its transdermal technology is also applicable to fentanyl, and its success in improving the delivery of fentanyl across the skin offers opportunities for the Company to offer fentanyl and morphine to prospective commercial partners as part of a portfolio of transdermal pain products.

Dr Esra Ogru, Executive Director of Research and Development at Phosphagenics, said: "Phosphagenics is very pleased that this Phase Ib study has successfully confirmed the previous study which demonstrated the ability of TPM-01/Morphine formulations to deliver therapeutic levels of morphine across the skin barrier. The company will use the data from this and previous studies to progress the product to the next stage of clinical development in this area of unmet medical need".

About Phosphagenics' TPM-01 transdermal carrier technology

TPM-01 utilises existing natural transport mechanisms to carry drugs across the skin without disrupting the surface of the skin. In contrast, competing technologies rely either on passive diffusion across skin membranes, and improve drug penetration with solvents, enhancers or lasers that modify the properties of the outermost layers of the skin, or on the use of electrical or thermal technologies to "push" drugs through the skin.

TPM-01 has anti-inflammatory and anti-erythema properties which minimise skin irritation, can provide sustained transdermal delivery of drugs and can deliver both small (e.g. morphine) and large (e.g. insulin) molecules through the skin.

About Phosphagenics Limited

Phosphagenics is a pharmaceutical and nutraceutical company with a diversified portfolio of technologies encompassing drug delivery, drug enhancement, and active ingredients for dietary supplements, functional foods and personal care products. It is based in Melbourne, Australia. Its shares are listed on the Australian Stock Exchange (POH) and the London Stock Exchange's Alternative Investment Market (PSG). Further information regarding Phosphagenics can be found at www.phosphagenics.com.

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