



7 March 2007

**The Manager
Company Announcements Office
ASX Limited**

Dear Sir

**re: Phosphagenics Extends Transdermal Technology
Platform**

Attached for release to the market is an announcement reporting that Phosphagenics Limited ("Phosphagenics") has now extended the application of its delivery system, TPM, from a gel into a patch. As a result, Phosphagenics will re-commence clinical trials to examine the capability of this selected occlusive patch design to deliver its transdermal morphine product.

This study follows on from the successful completion of large-scale transdermal morphine toxicology studies reported to the Exchange in October 2006.

Yours faithfully
Phosphagenics Limited

per Mourice Garbutt
Company Secretary
asx/morphine patch 07 03 07

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Melbourne, Australia: 7th March 2007

Phosphagenics Extends Transdermal Technology Platform

- Clinical trials planned to deliver TPM/Morphine via patch -

Phosphagenics Limited ("Phosphagenics") (ASX: POH) (AIM: PSG) announced today that it has extended its transdermal technology by successfully incorporating its patented TPM/Morphine formulation into an occlusive patch system. Phosphagenics will re-commence its clinical phase 2 trials in the first half of 2007 examining its application in the management of chronic pain.

The clinical study, investigating the absorption, metabolism and efficacy of morphine administered using Phosphagenics' novel transdermal carrier TPM via a patch, will include an additional treatment group to assess the transdermal delivery of oxycodone.

Dr Esra Ogru, Executive Director of Research and Development at Phosphagenics, said that this trial follows on from the successful completion of large-scale chronic toxicology studies on both its patented transdermal morphine formulation and its carrier platform technology.

"With the success of our recent morphine clinical trials, we have now started to explore alternative application methods. Using an occlusive patch is a logical and appropriate next step as it is non-invasive and minimises the need for any human handling which is clinician and patient preferred," Dr Ogru said.

Mr Harry Rosen, Managing Director at Phosphagenics, added: "In these studies, and in response to commercial interest, we will also examine the transdermal delivery of oxycodone, thereby extending our commercial opportunities. Oxycodone is a commercially successful product with worldwide sales exceeding \$US 1 billion annually and is currently delivered either in tablet or intravenous form. Phosphagenics will apply its novel technology in the pain area to the treatment of chronic pain which is the largest market segment."

ENDS....

APPENDIX AND NOTES TO EDITORS

About Phosphagenics' Transdermal Carrier Technology

Phosphagenics' patented transdermal carrier technology (TPM) utilises natural dermal transport mechanisms to rapidly transport small and large molecules across the skin without disrupting or damaging its surface.

The Company believes that the key advantages of this delivery system includes the fact that it possesses anti-inflammatory and anti-erythema properties, thus minimising skin irritation, and has the ability to provide a sustained systemic delivery of a wide range of drugs. These range from relatively small molecules (e.g. morphine, fentanyl, oxycodone, atropine, estradiol, testosterone) to large molecules (e.g. insulin and PTH) – from a single application. Additionally, the TPM delivery technology can be manufactured in a cost-effective manner in a wide range of presentations (e.g. gel, paste, liquid and powder) adding value to existing pharmaceuticals.

About Phosphagenics Limited

Phosphagenics is a Melbourne-based, globally driven biotechnology company focused on the discovery of new and cost effective ways to enhance the bioavailability, activity, safety and delivery of proven pharmaceutical and nutraceutical products.

Phosphagenics' core technology is built around the science and application of phosphorylation, a process where the addition of a phosphate group has been found to enhance the bioavailability, activity and safety of existing pharmaceuticals and nutraceuticals, as well as to assist in the production of drug delivery platforms.

Phosphagenics' shares are listed on the Australian Stock Exchange (POH) and the London Stock Exchange's Alternative Investment Market (PSG). An ADR – Level 1 program has been established in the US with the Bank of New York (PPGNY) for US investors to trade in Phosphagenics' stock on the 'over-the-counter' market.

For more information, please visit Phosphagenics' web site at www.phosphagenics.com

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