

ASX Announcement

PHOSPHAGENICS EXERCISES OPTION TO LICENCE AOD9604 TO DEVELOP TOPICAL CELLULITE PRODUCT

- *Cosmeceutical with potential short timeframe to market*
- *TPM™ technology superior in delivering active ingredients providing greater results*
- *Human testing scheduled for late 2010 - early 2011*

2 September 2010, Melbourne, Australia: Phosphagenics Limited (ASX: POH, OTCQX: PPGNY) has exercised its option to licence the Calzada Limited (ASX: CZD) (formerly Metabolic Pharmaceuticals Limited) patented compound, AOD9604, for use as a cosmeceutical product aimed at reducing the appearance of cellulite and subcutaneous fat.

For the past twelve months Phosphagenics has been developing this cosmeceutical product based on AOD9604, a fragment of growth hormone that was previously developed as an oral treatment for obesity. The compound has been tested in extensive human clinical trials and is based on normalising well-known hormonal and metabolic defects associated with ageing and obesity.

The collaborative research over the past year has been based on using Phosphagenics' proprietary TPM™ delivery technology to deliver AOD9604 topically. Phosphagenics' TPM™ has already proven highly effective in delivering a range of small to large molecules into and through the skin for better drug targeting.

The size of the AOD9604 compound is well within the range of molecules already delivered by the TPM™ technology.

Phosphagenics' novel approach is to topically deliver the compound into the skin of problem areas directly without having to travel through the body's stomach, digestive system or blood stream.

The commercial approach is to develop a cosmetic product to reduce the visible appearance of fat and cellulite. Cosmeceutical product approvals do not require large financial resources and can be launched on retail markets in a relatively short time frame.

"The in vitro developments have been promising and we plan to start human testing either later this year or early in 2011," said Dr Esra Ogru, joint CEO of Phosphagenics. "If this work progresses as planned and subject to establishment of suitable distribution arrangements, we aim to launch this product late in Q3 2011".

“Current leading commercial cosmetic creams claiming subcutaneous fat reduction are typically thin on proof of efficacy. This endeavour is combining two Australian scientific innovations backed by very substantial clinical work,” said Dr Ogru.

“An efficacious product should quickly command a global market. With the low cost of entry into the personal care industry and the speed in which products can be launched makes this market very attractive to both companies”.

The two groups will now negotiate a licence agreement based on previously agreed key principles documented in the August 2009 Collaboration and Option Agreement.

About Phosphagenics

Phosphagenics is commercialising drug delivery applications based on its novel transdermal (drugs administered via skin) TPM – Targeted Penetration Matrix technology. TPM™ is a patient friendly and cost effective system used to deliver proven pharmaceutical and nutraceutical products.

The two product targets which are advancing through clinical trials are an insulin patch for diabetics (instead of injections) and an oxycodone patch for the relief of chronic pain.

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).

www.phosphagenics.com

About Calzada

Calzada is a Melbourne based biotechnology company which owns 100% of PolyNovo Biomaterials Pty Ltd, an innovative biodegradable polymer technology company, and 100% of Metabolic Pharmaceuticals Pty Ltd which holds the AOD9604 intellectual property for the treatment of obesity and bone disorders. The company is listed on the Australian Securities Exchange, ASX code: CZD.

www.calzada.com.au

Enquiries:

Dr Esra Ogru
Chief Executive officer
Phosphagenics
+61 3 9565 1119

Mr David Franklyn
Chairman
Calzada Limited
0402 447 839

Rudi Michelson
Monsoon Communications
+61 3 9620 3333