



PHOSPHAGENICS

ASX Limited Market
Announcements Office

Phosphagenics Extends Agreement with Japanese Partner

- *Extends collaboration to develop new TPM[®] diclofenac product for US market*
- *\$300 million-plus US market opportunity*

2 April 2013, Melbourne: Australian drug delivery technology company Phosphagenics Limited (ASX: POH, OTCQX: PPGNY) has extended its collaboration with its high calibre Japanese partner, Nippon Zoki Pharmaceutical Co., Ltd., to develop a new anti-inflammatory product to treat acute and chronic pain for the US market.

The parties are progressing their collaboration arrangements to develop a more effective topical product by incorporating Phosphagenics' proprietary TPM[®] platform delivery technology.

The Company and Nippon Zoki are currently negotiating a licensing arrangement that will include milestone and royalty payments to Phosphagenics on completion of an advanced topical product development.

This agreement follows on from a pre-licensing deal announced in March 2012, which enabled Nippon Zoki to test and assess continuously Phosphagenics' patented TPM[®]/Diclofenac topical formulation for its suitability as a prescription item in the US and Japanese markets.

Nippon Zoki currently manufactures and markets topical Diclofenac products without TPM[®] for the Japanese market. It will now prepare a new formulation containing Phosphagenics' superior delivery technology.

Topical Diclofenac is only available in the US by prescription. There are three topical Diclofenac products on the market. Two are gel- or liquid-based products and the third, Flector, is delivered via patch technology.

The US market for these topical products exceeds \$300 million per annum. It is expected that a new product capable of delivering superior quantities of Diclofenac in a targeted manner would achieve substantial sales in the US market.

Phosphagenics CEO, Dr Esra Ogru, said it was difficult to put a timeline on product development but indicated the Company was hopeful development and licensing arrangements would be finalised before the end of this year.

Phosphagenics Limited

ACN 056 482 403 ABN 32 056 482 403

11 Duerdin Street, Clayton VIC 3168

PO Box 1415, Clayton South MDC VIC 3169 Australia

Tel: +61 (0)3 9565 1119 Fax: +61 (0)3 9565 1151

Web: www.phosphagenics.com Email: info@phosphagenics.com

“With the commercial success of Diclofenac, it is appropriate to review all projects previously undertaken by the Company with the aim of achieving short term and lucrative licensing arrangements. We are reviewing our successful lidocaine research program as a consequence of Lidoderm™, a lidocaine patch with sales exceeding \$800 million annually, coming off patent shortly,” she said.

Dr. Koki Fukuhara from Nippon Zoki said: “We look forward to developing this innovative Diclofenac product with Phosphagenics for the US market. We are impressed with the versatility of the TPM® technology and its broad application.”

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Enquiries:

Dr Esra Ogru
Chief Executive Officer
Phosphagenics Limited
+61 3 9565 1119

David Segal
Investor Relations Manager
Phosphagenics Limited
+61 3 9565 1103

Rudi Michelson
Monsoon Communications
+61 3 9620 3333

About Nippon Zoki

Nippon Zoki Pharmaceutical Co., Ltd. is a Japanese pharmaceutical company engaged in the development, manufacturing and marketing of prescription and OTC drugs. Sales in the analgesic field, supported by innovative Neurotropin® Injections and Tablets, are highly ranked in Japan. Having a strong sales channel for orthopedics, anesthesiology, and internal medicine, Nippon Zoki has efforts to research and develop new products in the pain, allergy and anemia fields, in particular, marketing-oriented new chemical entities, DDS formulations and super-generics.

Nippon Zoki's shares are unlisted (website – <https://www.nippon-zoki.co.jp>).

About Phosphagenics

Phosphagenics Limited 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 lead product advancing through clinical trials is an oxycodone matrix system 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 (PPGY).

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