

ASX Limited
Market Announcements Office

Phosphagenics Reports Positive Results for Weaner Pig Feed Efficiency Trial

- ***Improvement in feed conversion ratio (FCR) in starter/weaner pigs treated with TPM[®]***
- ***TPM[®] outperforms standard Vitamin E as feed additive in first 14 days post weaning***

20 January 2016, Melbourne: Australian drug delivery company, Phosphagenics Limited (ASX: POH; OTCQX: PPGNY), is pleased to report positive results in its initial Animal Health and Nutrition trial. This trial, in more than 1500 weaner (young) pigs, is the first in a series of planned randomized, controlled studies designed to assess if TPM[®] can enhance the efficiency in which livestock converts feed into weight gain (measured as feed conversion ratio (FCR)).

The study compared the benefit of TPM[®] at doses of 5 to 40 mg/kg with that of increasing doses of Vitamin E (dl-alpha-tocopherol acetate) up to 160mg/kg across the first two development phases post weaning (phase 1: 0-14 days and phase 2: 15-34 days). Weaner pigs are subjected to significant metabolic stress due to high growth rates, change of diet and social stress which can result in significant production limitations, particularly during the first of these phases. It is believed that supporting pigs at this early stage of the commercial lifecycle provides the opportunity for maximum growth potential long-term, conferring a potentially significant financial benefit to farmers and the food industry.

In the first phase (0-14 days), TPM[®] treatment resulted in a statistically significant, linear dose dependent improvement in feed efficiency. The FCR with 40mg/kg of TPM[®] was more than three percent (>3%) better than the best result achieved with any dose of Vitamin E. The potential for further improvement in FCR exists at higher doses of TPM[®] than used in the current study.

The significant difference observed in the first phase of the trial was not seen in the second phase (days 15 – 34 of treatment). Unforeseen health issues in the pigs during this second phase resulted in significant suppression of performance across the board for all treatment groups, compromising FCR assessments.

General Manager of Phosphagenics' Animal Health and Nutrition Business, Dr Roksan Libinaki, said, "The first few weeks post weaning are seen as a critical period in which production limitations can occur for the pork industry. It is very pleasing to see that, despite some challenges in the study, we were still able to demonstrate that TPM[®] can provide a significant benefit in the form of improved FCR during this important phase of development. Achieving an improvement in feed efficiency of greater than three percent at this weaner stage provides a good platform to substantiate the potential benefits of TPM[®]

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as a feed additive. We see these results as important in positively differentiating the potential of TPM® in the minds of our potential partners across multiple species.”

Phosphagenics' CEO, Dr Ross Murdoch, said, “This is an important result for our Animal Health and Nutrition business and supports further investment in our TPM® livestock feed additive program. This study provides compelling data to present to major feed producers with a view to entering partnering arrangements. The next grower/finisher pig study will provide further means to assess the potential value of TPM®'s applications in pigs.

Additional studies are planned for production animals throughout 2016, to assess the value of TPM® across the broader market segment.

The grower/finisher pig study is on track to be completed in Q2 2016.

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About Phosphagenics

Phosphagenics Limited is focused on developing and commercialising innovative Human Health, Animal Health and Personal Care products using its proprietary drug delivery system called TPM® (Targeted Penetration Matrix). TPM® is derived from Vitamin E using a unique, proprietary and patented process and has been proven to enhance the solubility and oral, dermal and transdermal absorption of drugs and nutrients.

Amongst its major projects, Phosphagenics' is developing a TPM® enhanced oxycodone patch for the treatment of pain associated with Postherpetic neuralgia (presently completing Phase 2a) and is also developing TPM® to enhance the feed efficiency and health of livestock.

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).

Inherent Risks of Investment in Biotechnology Companies

There are a number of inherent risks associated with the development of pharmaceutical products to a marketable stage. The lengthy clinical trial process is designed to assess the safety and efficacy of a drug prior to commercialisation and a significant proportion of drugs fail one or both of these criteria. Other risks include uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development, the obtaining of necessary drug regulatory authority approvals and difficulties caused by the rapid advancements in technology.

Forward-looking Statements

Certain statements in this announcement may contain forward-looking statements regarding Company business and the therapeutic and commercial potential of its technologies and products in development. Any statement describing Company goals, expectations, intentions or beliefs is a forward-looking statement and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the process of developing technology and in the process of discovering, developing and commercialising drugs that can be proven to be safe and effective for use as human therapeutics, and in the endeavour of building a business around such products and services.

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