

*ASX Limited
Market Announcements Office*

Phosphagenics Signs Japanese License Option Agreement and R&D Alliance

29 April 2016, Melbourne: Australian biotechnology company, Phosphagenics Limited (ASX: POH; OTCQX: PPGNY), today announced that it has signed a license option agreement for its TPM[®]/Oxymorphone patch and also a strategic research and development (R&D) alliance for three additional pharmaceutical products with one of Japan's largest healthcare companies and a member of the Nikkei 225.

The Japanese healthcare company, not to be disclosed at present, has entered into an agreement for an exclusive 6-month option to obtain an exclusive license to Phosphagenics' TPM[®]/Oxymorphone patch in Japan.

Under the terms of the agreement, Phosphagenics will receive an upfront option payment and the Japanese company will undertake, at its own expense, pre-specified activities to confirm the development path and commercial opportunity for the product in Japan.

If the option is exercised and the companies enter into an exclusive license agreement, Phosphagenics expects to receive a licensing fee, payments upon the achievement of certain milestones, and royalties on commercial sales of the TPM[®]/Oxymorphone patch in Japan.

As part of the R&D alliance, the companies have also agreed to collaborate on the global development of three additional pharmaceutical products leveraging Phosphagenics' proprietary TPM[®] technology: a TPM[®]/Propofol injection, building on the prototype already developed at Phosphagenics, and two additional novel TPM[®] containing pharmaceutical products.

Under the terms of this agreement, the two companies will jointly conduct an initial 18-month development program. The undisclosed company will lead the development of the TPM[®]/Propofol injection, while Phosphagenics will lead the development of the other two products. The Japanese company will pay for all development costs.

At the completion of the 18-month period, the Japanese partner will have an option to enter into a global development and licensing agreement for each of the three products. This agreement already establishes that Phosphagenics would retain marketing rights to Australia and New Zealand, the partner would retain marketing rights to Japan, and the companies would equally share in all licensing fees and revenues gained from commercialisation of these three products in the rest of the world.

Dr Alex Stojanovic, Phosphagenics' VP of Business Development, said "Japan is one of the world's largest pharmaceutical markets. The success of the fentanyl transdermal patch in Japan, generating peak sales of more than \$120M, clearly reinforces Japan as a very attractive initial market for the TPM[®]/Oxymorphone patch. We will be working closely with our Japanese partner over the coming months to help move this option to a full license."

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

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

Phosphagenics' CEO and Managing Director, Dr Ross Murdoch, added, "We are very excited to be entering into a partnership with such a significant Japanese healthcare company. The partnership is broad, involving patch, injectable, and other dosage forms formulated with TPM®. I believe that this relationship has the potential to provide both partners with significant value over the next few years."

The two companies intend to enter into formal joint R&D feasibility agreements for each of the three development products within the next few months.

Enquiries

Dr Ross Murdoch
Phosphagenics Limited
+61 3 9565 1119

Kyahn Williamson
Buchan Consulting
+61 3 9866 4722 / +61 40 101 8828
Email: kwilliamson@buchanwe.com.au

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 TPM® enhanced oxymorphone and oxycodone patches for the treatment of 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).

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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