

ASX Limited
Market Announcements Office

ProPhase Arbitration Ruling Handed Down

- ***Phosphagenics awarded full use and ownership of the Over-the-Counter license for TPM[®] products***

16 November 2016, Melbourne: Australian drug delivery company, Phosphagenics Limited (ASX: POH; OTCQX: PPGNY), announced today that a decision has been handed down in respect of the formal arbitration between Phosphagenics and ProPhase Labs Inc (ProPhase), underway since October 2014.

This arbitration was related to a joint venture (Phusion Laboratories LLC) developed in 2010 between Phosphagenics and ProPhase to develop a range of Over-the-Counter (OTC) products utilising the TPM[®] technology. ProPhase claimed that Phosphagenics breached the OTC license granted to the joint venture entity and the joint venture operating agreement and legal action was commenced (the ProPhase arbitration). Both Phosphagenics and ProPhase sought damages during the arbitration.

The arbitration ruling handed down through the American Arbitration Association determined that the full use and ownership of the licence for Over-the-Counter (OTC) pharmaceutical applications for TPM[®] be returned to Phosphagenics. No cash damages were awarded to either party.

All Phosphagenics' legal costs associated with the ProPhase arbitration proceedings have now been fully expensed and paid.

Dr Ross Murdoch, Chief Executive Officer, said, "This is a good result for Phosphagenics. We believe the potential OTC pharmaceutical applications for TPM[®] are significant and thus retaining full ownership of this license represents a valuable opportunity for Phosphagenics' shareholders. We are now free to move forward with the sale of the BioElixia[®] brand which has been on hold pending this result. We hope we can conclude a sale in the near future."

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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 TPM® enhanced patches, gels and injectable products for the human health market 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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