

Phosphagenics Decides to Put its BioElixia[®] Cosmetics Brand Up for Sale

- ***Decision to focus resources on delivering core business opportunities***

25 February 2015, Melbourne: Australian drug delivery company, Phosphagenics Limited (ASX: POH; OTCQX: PPGNY), has put its branded cosmetics division, BioElixia[®], up for sale to allow resources to be refocused on the Company's core areas of strength.

Phosphagenics has recently received a number of expressions of interest in purchasing its range of skincare products sold under the BioElixia[®] brand. The BioElixia[®] brand and product range, which are formulated with the Company's proprietary TPM[®] technology, has been growing over the last few years and has the capacity to provide potential purchasers with an opportunity to acquire a brand with an established distribution network and product differentiation based on the TPM[®] technology.

"Whilst we have demonstrated that the addition of TPM[®] has real potential across a large number of areas, it is essential for a relatively small company like Phosphagenics to recognise where it can maximise value for shareholders, and apply its precious resources in those areas," commented Dr Ross Murdoch, CEO. "This decision reflects our commitment to focus on the areas where we believe we can add most value and find experts to maximise shareholder value for the others."

Chairman, Lawrence Gozlan, added "The brand has a growing following and growing distribution network. It has unique and proprietary differentiation through its TPM[®] technology, and the potential upside of the association with our other TPM[®] based clinical assets. We are now focused on seeking to ensure that the ultimate sales arrangement recognises the unique value of the brand and provides the opportunity for shareholder upside."

If commercially attractive terms are reached with a purchaser, the sale will likely be limited to Phosphagenics' own brand of BioElixia[®] products. The Company's ongoing strategy for consumer skincare is to retain the rights to license TPM[®] to global or regional companies for use in cosmetics products. The arrangement with GNC has been terminated and the arrangement with Korean Drug Company will likely be changed, as Phosphagenics no longer intends to retain the resources necessary to manufacture cosmetics products for third parties. Licensing arrangements with Le Metiér de Beauté remain unchanged.

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About Phosphagenics

Phosphagenics Limited is a drug delivery company that is commercialising various products within the pharmaceutical, cosmetics and animal health sectors, using its proprietary drug delivery system called TPM[®] (Targeted Penetration Matrix). TPM[®] is a patient friendly and cost effective system, based on Vitamin E, that enhances the topical or transdermal delivery of active molecules. The lead products advancing through clinical trials are oxymorphone and oxycodone patches 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

www.bioelixia.com