

## **Phosphagenics Limited**

ACN 056 482 403

### **Entitlement Offer Information Booklet**

**A pro rata non-renounceable entitlement offer of 1 New Share for every 4 Existing Shares held at an issue price of \$0.015 per New Share**

**The Entitlement Offer is partially underwritten by certain existing shareholders and new investors to a value of approximately \$980,000**

Last date for acceptance and payment is 5.00pm (AEST) on 12 October 2017 (unless extended)

**If you are an Eligible Shareholder, this document is important and requires your immediate attention. It should be read in its entirety. This document is not a prospectus under the *Corporations Act 2001* (Cth) and has not been lodged with the Australian Securities & Investments Commission. If you have any questions, you should contact your stockbroker, solicitor, accountant or other professional adviser.**

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OF AMERICA**



One Firm Worldwide™

Lawyers to the offer

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## **IMPORTANT NOTICES**

This Information Booklet is dated 3 October 2017.

The Entitlement Offer is being made without a prospectus under section 708AA Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84). This Information Booklet does not contain all of the information which a prospective investor may require to make an informed investment decision. The information in this Information Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Information Booklet is important and should be read in its entirety before deciding to participate in the Entitlement Offer. This Information Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC.

Phosphagenics may make additional announcements after the date of this Information Booklet and throughout the period that the Entitlement Offer is open that may be relevant to your consideration about whether you should participate in the Entitlement Offer.

No party other than Phosphagenics has authorised or caused the issue of this Information Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information Booklet or for any action you take in reliance on this Information Booklet.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Information Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Information Booklet.

### **Foreign offers**

This Information Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make that offer or invitation. In particular, this Information Booklet does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States of America and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States of America.

This Information Booklet is not to be distributed in, and no offer of New Shares is to be made in countries other than Australia or New Zealand or in Singapore or Hong Kong to the extent the offer can be made in accordance with applicable securities laws (see section 1.9 for restrictions in relation to Hong Kong and Singapore). The distribution of this Information Booklet (including an electronic copy) in other jurisdictions may be restricted by law and, therefore, persons who come into possession of this Information Booklet should seek advice on and observe these restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Each Application will be subject to all requisite authorities and clearances being obtained for Phosphagenics to lawfully receive any or all of the Application Monies.

### **Definitions, currency and time**

Defined terms used in this Information Booklet are contained in section 4. All references to currency are to Australian dollars and all references to time are to the time in Brisbane, Australia unless otherwise indicated.

### **Taxation consequences for Applicants**

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares. Phosphagenics considers that it is not appropriate to give advice regarding the tax consequences of subscribing for New Shares under this Information Booklet or the subsequent disposal of any New Shares. Phosphagenics recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

### **Privacy**

Phosphagenics collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Phosphagenics.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Phosphagenics (directly or through the Share Registry). Phosphagenics collects, holds and will use that information to assess your Application. Phosphagenics collects your personal information to process and administer your shareholding in Phosphagenics and to provide related services to you. Phosphagenics may disclose your personal information for purposes related to your shareholding in Phosphagenics, including to the Share Registry, Phosphagenics' related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that Phosphagenics holds about you. To make a request for access to your personal information held by (or on behalf of) Phosphagenics, please contact Phosphagenics through the Share Registry.

### **Governing law**

This Information Booklet, the Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in Queensland, Australia. Each Applicant submits to the exclusive jurisdiction of the Queensland courts and courts competent to hear appeals from those courts.

### **No representations**

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer which is not contained in this Information Booklet. Any information or representation in connection with the Entitlement Offer not contained in the Information Booklet may not be relied upon as having been authorised by Phosphagenics or any of its officers. Except as required by law, and only to the extent so required, none of Phosphagenics, or any other person, warrants or guarantees the future performance of Phosphagenics or

any return on any investment made pursuant to this Information Booklet.

### **Past performance**

Investors should note that Phosphagenics' past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) Phosphagenics' future performance including Phosphagenics' future financial position or share price performance.

### **Forward looking statements**

This Information Booklet contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of Phosphagenics and certain plans and objectives of the management of Phosphagenics. These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither Phosphagenics, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, those forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of Phosphagenics. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Information Booklet in light of those disclosures.

### **Risks**

Refer to the 'Key Risks' section of the Investor Presentation for a summary of general and specific risk factors that may affect Phosphagenics.

### **Trading of New Shares**

Phosphagenics will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Phosphagenics or the Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or to which they do not hold or are not entitled.

If you are in any doubt as to these matters, you should first consult with your stockbroker, accountant or other professional adviser.

## CHAIRMAN'S LETTER

3 October 2017

Dear Shareholder

As a valued shareholder of Phosphagenics Limited (**Phosphagenics**), I am pleased to offer you the opportunity to participate in a 1 for 4 non-renounceable entitlement offer of new fully paid ordinary shares in Phosphagenics (**New Shares**) at an issue price of \$0.015 per New Share, that will raise up to approximately \$4.7 million before costs (**Entitlement Offer**).

The proceeds of the Entitlement Offer will provide funds for Phosphagenics to progress the Mylan arbitration as well as continue the development and partnership of the TPM Opioid Patches, the TPM Injectable Portfolio, the TPM Animal Health opportunities and cash on hand for working capital and other purposes, and fund the costs of the Entitlement Offer.

The issue price of \$0.015 per New Share represents a discount of:

- 14% to the theoretical ex-rights issue price (**TERP**)<sup>1</sup> of \$0.0174;
- 17% to the last traded price of Shares before the announcement of the Entitlement Offer of \$0.018; and
- 21% to the 5 day volume weighted average price at 21 September 2017 (the last traded day prior to announcement of the Entitlement Offer) of \$0.019.

The number of New Shares that you are entitled to subscribe for under the Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form that is enclosed with this Information Booklet.

The Entitlement Offer is non-renounceable, which means if you do not take up your Entitlements then they will lapse. A market will not be established and you will not be able to trade your Entitlements.

In the event that Eligible Shareholders do not take up all of their Entitlements in full, a Shortfall Facility will be available to provide an opportunity for those Eligible Shareholders that have taken up their full Entitlements to apply for additional New Shares (**Additional Shares**). The allocation of any Additional Shares under the Shortfall Facility will be at the discretion of the Directors.

The Company has received pre-commitments from existing shareholders up to a value of approx. \$567,000 and the Entitlement Offer is also partially underwritten by a number of existing shareholders and new investors up to a value of approx. \$980,000. In particular, Australian-based directors Greg Collier, David Segal and Ross Murdoch (or their related entities) have underwritten the Entitlement Offer to the value of \$30,000, \$30,000 and \$25,000 respectively.

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<sup>1</sup> The theoretical ex-rights price of \$0.0174 is calculated using Phosphagenics' closing price on 21 September 2017 assuming proceeds from the Entitlement Offer are approximately \$4.7 million. TERP is the theoretical price at which shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Offer will depend on many factors and may not be equal to the TERP.

## Other information

This Information Booklet contains important information, including:

- instructions on how to apply, detailing how to participate in the Entitlement Offer if you choose to do so, and a timetable of key dates;
- a personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions; and
- instructions on how to take up all or part of your Entitlement via BPAY®.

The Entitlement Offer closes at 5.00pm (AEST) on Thursday, 12 October 2017.

Please read in full the details on how to submit your application, which are set out in this Information Booklet. For further information regarding the Entitlement Offer, please contact Phosphagenics on +61 3 9002 5002 between 8.30am to 5.00pm (AEST) Monday to Friday during the offer period.

You should also consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

On behalf of the Board of Phosphagenics, I encourage you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely



**Dr Greg Collier**  
**Chairman**

## SUMMARY OF THE ENTITLEMENT OFFER

### Entitlement Offer

<b>Ratio</b>	1 New Share for every 4 Existing Shares held by an Eligible Shareholder
<b>Issue Price</b>	\$0.015 per New Share
<b>Size</b>	315,491,490 New Shares (subject to rounding)
<b>Approximate maximum amount to be raised under the Entitlement Offer before costs</b>	\$4,732,372

### Capital structure

Subject to rounding of fractional Entitlements, the capital structure of Phosphagenics following the issue of New Shares is expected to be as follows:

<b>Shares on issue as at 20 September 2017</b>	1,261,965,957
<b>New Shares to be issued under the Entitlement Offer</b>	315,491,490
<b>Total Shares on issue following completion of the Entitlement Offer</b>	1,577,457,447

### Key dates

<b>Activity</b>	<b>Date (AEST<sup>1</sup> unless otherwise stated)</b>
Announcement of Entitlement Offer	Tuesday, 26 September 2017
POH Shares begin to trade on an “ex-entitlement” basis	Friday, 29 September 2017
Record Date for determining Eligible Shareholders under the Entitlement Offer	Monday, 2 October 2017
Entitlement Offer opens and Entitlement Offer Booklets despatched	Tuesday, 3 October 2017
Entitlement Offer closes	Thursday, 12 October 2017
Allotment of New Shares issued under the Entitlement Offer	Thursday, 19 October 2017
Despatch of holding statements and normal trading of New Shares issued under Entitlement Offer	Friday, 20 October 2017

This timetable is indicative only and subject to change. The Directors may vary these dates subject to the Listing Rules. An extension of the Closing Date will delay the anticipated date for issue of the New Shares. The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer any time before the allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

The commencement of quotation of New Shares is subject to the discretion of ASX.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

## **ENQUIRIES**

If you require further information regarding the Entitlement Offer, please contact Phosphagenics on +61 3 9002 5002 between 8.30am to 5.00pm (AEST) Monday to Friday during the offer period. Alternatively, contact your stockbroker, solicitor, accountant or other professional adviser or if you would like a replacement Entitlement and Acceptance Form, please contact the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 5000 (outside Australia) at any time from 8.30am to 5.00pm (AEST) Monday to Friday.



# 1. DESCRIPTION AND EFFECT OF THE ENTITLEMENT OFFER

## 1.1 Overview

The proceeds of the Entitlement Offer will provide funds for Phosphagenics to progress the Mylan arbitration as well as continue the development and partnership of the TPM Opioid Patches, the TPM Injectable Portfolio, the TPM Animal Health opportunities and cash on hand for working capital and other purposes, and fund the costs of the Entitlement Offer.

The Entitlement Offer is a partially underwritten non-renounceable offer of 1 New Share for every 4 Existing Shares at \$0.015 per New Share to raise up to approximately \$4.7 million (before direct offer costs including fees paid to advisers and to providers of specific services to cover share registry, printing and postage costs).

Eligible Shareholders who are on Phosphagenics' share register on the Record Date are entitled to acquire 1 New Share for every 4 Existing Shares held on the Record Date (**Entitlement**). Fractional Entitlements will be rounded up to the nearest whole number of New Shares.

The issue price of \$0.015 per New Share represents a discount of:

- 14% to the TERP<sup>2</sup> of \$0.0174;
- 17% to the last traded price of Shares on 21 September 2017 (the last trading day prior to announcement of the Entitlement Offer) of \$0.018; and
- 21% to the 5 day volume weighted average price at 21 September 2017 (the last trading day prior to announcement of the Entitlement Offer) of \$0.019.

An Entitlement and Acceptance Form setting out your Entitlement accompanies this Information Booklet. Eligible Shareholders may subscribe for all or part of their Entitlement.

Eligible Shareholders should be aware that an investment in Phosphagenics involves risks. The key risks identified by Phosphagenics are summarised in the 'Risks of the Rights Issue' section of the investor presentation included in section 3 of this Information Booklet.

## 1.2 No Entitlement trading

The Entitlement Offer is non-renounceable, meaning that Eligible Shareholders may not sell their Entitlements to third parties if they do not wish to take them up. A market will not be established for Entitlements trading.

If you do not take up all or any part of your Entitlements by the Closing Date, they will lapse.

## 1.3 Shortfall Facility

In the event that Eligible Shareholders do not take up all of their Entitlements in full, a Shortfall Facility will be available to provide an opportunity for those Eligible Shareholders that have taken up their full Entitlements to apply for Additional Shares.

Eligible Shareholders may apply for Additional Shares by completing the relevant part of the Entitlement and Acceptance Form and paying by cheque, or through BPAY®.

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<sup>2</sup> The theoretical ex-rights price of \$0.0174 is calculated using Phosphagenics' closing price on 31 August 2017 assuming proceeds from the Entitlement Offer are up to approximately \$4.7 million. TERP is the theoretical price at which shares should trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Offer will depend on many factors and may not be equal to the TERP.

There is no guarantee that Eligible Shareholders will receive the number of Additional Shares applied for, or that they will receive any at all. Phosphagenics will allocate Applications for Additional Shares.

If any Applications for Additional Shares are not accepted in part or in full, the relevant portion of the Application Monies will be refunded without interest as soon as practicable.

The allocation of any Additional Shares under the Shortfall Facility will be at the discretion of the Directors.

No Additional Shares will be issued if, to do so would, to the extent of the knowledge of Phosphagenics, result in a breach of the Listing Rules or the restrictions on obtaining or increasing relevant interests of greater than 20% of Phosphagenics' issued voting shares under Chapter 6 of the Corporations Act, or would otherwise be contrary to the Corporations Act or the Listing Rules.

To the extent they are available, the Underwriters will take up shortfall Shares to the value of \$980,545 on the terms of the underwriting agreements entered into with them. The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place Shortfall Shares within three months after the Closing Date to either existing or new Shareholders at their discretion. If issued, Shortfall Shares will be issued at a price not less than the Issue Price of New Shares under the Entitlement Offer. Shareholders will not receive any payment or value for the Shares not taken up under the Entitlement Offer that are subsequently taken up as Shortfall Shares.

#### 1.4 **Underwriting**

A number of existing shareholders and new investors have agreed to underwrite part of the Entitlement Offer on the terms set out in the Underwriting Agreements. Shortfall Shares to the value of approx. \$980,000 will be issued to the Underwriters on the terms set out in the Underwriting Agreements.

Each Underwriter will receive an underwriting fee of equal to 5.0% of the number of Shortfall Securities issued to each Underwriter under this agreement multiplied by the Offer Price. The Australian-based directors who are participating as underwriters have waived their, or their related entity's, entitlement to any underwriting fee.

Each Underwriting Agreements contains the following termination events:

- (a) the Company is prevented from issuing or allotting any of the New Shares by the order of a court of competent jurisdiction or by a Government Agency; or
- (b) the Company commits a material breach of its obligations under the underwriting agreement and that breach is incapable of remedy, or if capable of remedy, is not remedied within 5 business days of receiving written notice from the underwriter specifying the breach and stating an intention to terminate this Underwriting Agreement.

The Australian-based directors, Greg Collier, David Segal and Ross Murdoch (or their related entities) have underwritten the Entitlement Offer to the value of \$30,000 (2,000,000 shares), \$30,000 (2,000,000 shares) and \$25,000 (1,666,667 shares) respectively.

Other than the directors, none of the Underwriters nor any of their related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents have authorised or caused the issue of this Information Booklet and they do not take any responsibility for this Information Booklet or any action taken by you on the basis of such information. To the maximum extent permitted by law, the Underwriters and each of their related bodies corporate and affiliates and each of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in

the Entitlement Offer and this Information Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. None of the Underwriters nor any of their related bodies corporate and affiliates nor respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning the Entitlement Offer, or any such information and you represent, warrant and agree that you have not relied on any statements made by the Underwriters or any of its related bodies corporate and affiliates or any of their respective directors, officers, partners, employees, representatives or agents in relation to the New Shares or the Entitlement Offer generally.

## 1.5 Eligibility of Shareholders

The Entitlement Offer is being offered to each Shareholder on the Record Date that:

- (a) has a registered address on the Phosphagenics share register in Australia or New Zealand, or in Singapore or Hong Kong to the extent the offer can be made in accordance with applicable securities laws;
- (b) is not in the United States of America and is not a person (including nominee or custodian) acting for the account or benefit of a person in the United States of America; and
- (c) is eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus to be lodged or registered,

### **(Eligible Shareholder).**

Any Shareholder that is not an Eligible Shareholder will be an Ineligible Shareholder. Phosphagenics reserves the right to determine whether a Shareholder is an Eligible Shareholder or an Ineligible Shareholder.

By returning a completed personalised Entitlement and Acceptance Form with payment or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Shareholder. Nominees, trustees or custodians are, therefore, advised to seek independent professional advice as to how to proceed.

The Entitlement Offer is not being extended to the Ineligible Shareholders because of the small number of those Shareholders, the number and value of the Shares they hold and the cost of complying with applicable regulations in foreign jurisdictions. Phosphagenics may (in its absolute discretion) extend the Entitlement Offer to Shareholders that have registered addresses outside Australia, New Zealand, Singapore and Hong Kong (except the United States of America) in accordance with applicable law.

No New Shares will be issued if, to do so would, to the extent of the knowledge of Phosphagenics, result in a breach of the Listing Rules or the restrictions on obtaining or increasing relevant interests of greater than 20% of Phosphagenics' issued voting shares under Chapter 6 of the Corporations Act, or would otherwise be contrary to the Corporations Act or the Listing Rules.

## 1.6 Ranking of New Shares

The New Shares issued under the Entitlement Offer will be fully paid and rank equally with Existing Shares. The rights and liabilities attaching to the New Shares are set out in Phosphagenics' constitution, a copy of which can be obtained by contacting Phosphagenics on +61 3 9002 5002.

## 1.7 Allotment

Phosphagenics has applied for quotation of the New Shares on ASX. Allotment of the New Shares under the Entitlement Offer will take place as soon as practicable after the close of the Entitlement Offer.

Application Monies will be held by Phosphagenics on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them before trading the New Shares. The sale by an Applicant of New Shares before receiving their holding statement is at the Applicant's own risk.

## 1.8 Further information

Eligible Shareholders can obtain a copy of this Information Booklet from the Phosphagenics' website at [www.phosphagenics.com](http://www.phosphagenics.com) or by contacting Phosphagenics on +61 3 9002 5002 at any time from 8.30am to 5.00pm (AEST) Monday to Friday during the offer period. Persons who access the electronic version of this Information Booklet should ensure that they download and read the entire Information Booklet. The electronic version of this Information Booklet will not include an Entitlement and Acceptance Form.

A replacement Entitlement and Acceptance Form can be requested by calling the Share Registry on 1800 420 909 (within Australia) or +61 3 9415 4088 (outside Australia) at any time from 8.30am to 5.00pm (AEST) Monday to Friday.

## 1.9 Foreign Shareholders

This Information Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer in any place which, or to any person to whom, it would be unlawful to make such an offer. The Entitlement Offer is being made without a disclosure document under section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84) and no action has been taken to register this Information Booklet in Australia or any other jurisdiction.

### (a) United States of America

This Information Booklet is not an offer to sell, nor a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act or the securities law of any state or other jurisdiction of the United States of America and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and any applicable US state securities laws.

### (b) New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct Act 2013 and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

(c) Hong Kong

This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (**Companies Ordinance**), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to existing Shareholders that are "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to existing Shareholders that are professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

(d) Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of ATL's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined under section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out previously, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## **2. HOW TO APPLY**

### **2.1 Shareholder's choices**

The number of New Shares to which Eligible Shareholders are entitled under the Entitlement Offer (i.e. their Entitlement) is shown on the accompanying Entitlement and Acceptance Form. If Eligible Shareholders have more than one registered holding of Shares, Eligible Shareholders will be sent more than one personalised Entitlement and Acceptance Form and Eligible Shareholders will have a separate Entitlement for each separate holding.

Eligible Shareholders may:

- (a) take up their Entitlement in full, or take up their Entitlement in full and apply for Additional Shares under the Shortfall Facility (refer to section 2.3);
- (b) take up part of their Entitlement and allow the balance to lapse (refer to section 2.4);  
or
- (c) do nothing and allow their Entitlement to lapse (refer to section 2.5).

Ineligible Shareholders may not take up any of their Entitlements.

Phosphagenics reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Entitlement Offer is 5.00pm (AEST) on Thursday, 12 October 2017 (however, that date may be varied by Phosphagenics, in accordance with the Listing Rules).

The Entitlement Offer is being made pursuant to provisions of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84) which allow entitlement offers to be made without a prospectus. This Information Booklet does not contain all of the information which may be required in order to make an informed decision regarding an application for New Shares offered under the Entitlement Offer. As a result, it is important for you to read carefully and understand the information on Phosphagenics and the Entitlement Offer made publicly available, prior to deciding whether to take up all or part of your Entitlement or do nothing in respect of your Entitlement. In particular, please refer to this Information Booklet and other announcements by Phosphagenics made available at [www.asx.com.au](http://www.asx.com.au) (including announcements which may be made by Phosphagenics after publication of this Information Booklet).

Please consult with your stockbroker, accountant or other professional adviser if you have any queries or are uncertain about any aspect of the Entitlement Offer. You should also refer to the Key Risks' section of the investor presentation included in section 3 of this Information Booklet for a summary of general and specific risk factors that may affect Phosphagenics.

## 2.2 Taking up all of your Entitlement

If you wish to take up your Entitlement in full, or if you wish to take up your Entitlement in full and apply for Additional Shares, follow the instructions set out on the Entitlement and Acceptance Form.

Please return your completed Entitlement and Acceptance Form together with your Application Monies in accordance with section 0 for the amount shown on the Entitlement and Acceptance Form to the Share Registry so that it is received no later than 5.00pm (AEST) on Thursday, 12 October 2017 at the following address:

Phosphagenics Limited  
C/- Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne VIC 3001

You may also take up all of your Entitlement by payment of the Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form. If payment is being made through BPAY®, you do not need to return the Entitlement and Acceptance Form. Your payment must be received by no later than 5.00pm (AEST) on 12 October 2017.



Refund amounts, if any, will be paid in Australian dollars and without any interest. You will be paid either by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders), or by direct credit to the nominated bank account as noted on the share register as at the closing date of the offer. If you wish to advise or change your banking instructions with the Share Registry you may do so by going to [www.investorvote.com/au](http://www.investorvote.com/au) and following the instructions.

### **2.3 Taking up all of your Entitlement and applying for Additional Shares**

If you have applied to take up all of your Entitlement, you may also apply for Additional Shares by following the instructions set out on the Entitlement and Acceptance Form. Additional Shares will only be available to the extent that there are Entitlements under the Entitlement Offer which are not taken up by other Eligible Shareholders.

If your Application for Additional Shares is successful (in whole or in part), those Additional Shares will be issued to you at the same time that the other New Shares are issued under the Entitlement Offer.

There is no guarantee that Eligible Shareholders will receive the number of Additional Shares applied for, or that they will receive any at all. Phosphagenics will allocate Applications for Additional Shares.

If any Applications for Additional Shares are not accepted in part or in full, the relevant portion of the Application Monies will be refunded without interest as soon as practicable.

The allocation of any Additional Shares under the Shortfall Facility will be at the discretion of the Directors and Underwriters.

### **2.4 Taking up part of your Entitlement and allow for the balance to lapse**

If you wish to take up part of your Entitlement, please complete the Entitlement and Acceptance Form for the number of New Shares you wish to take up and follow the instructions set out on the Entitlement and Acceptance Form.

You may arrange for payment through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form. If payment is made through BPAY® and Phosphagenics receives an amount that is less than the Issue Price multiplied by your Entitlement (**Reduced Amount**), your payment may be treated as an application for as many New Shares as the Reduced Amount will pay for in full.

The portion of your Entitlement not taken up will lapse without further action by you.

### **2.5 Allow your Entitlement to lapse**

If you do not wish to accept all or any part of your Entitlement, do not take any further action and that part of your Entitlement will lapse.

### **2.6 Consequences of not accepting your Entitlement**

If you do not accept all of your Entitlement in accordance with the instructions set out, any New Shares that you would have otherwise been entitled to under the Entitlement Offer (or New Shares that relate to the portion of your Entitlement that has not been accepted) may be acquired by other Shareholders that have applied for Additional Shares or by the Underwriters.

Your percentage shareholding in Phosphagenics will be diluted if you do not accept all or a part of your Entitlement.

## 2.7 **Payment**

The consideration for the New Shares is payable in full on application by a payment of \$0.015 per New Share. The completed Entitlement and Acceptance Form must be accompanied by a cheque for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to **'Phosphagenics Limited – Entitlement Offer'** and crossed 'Not Negotiable'.

Alternatively, you may arrange for payment of the Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form. It is your responsibility to ensure your BPAY® payment is received by the Share Registry by no later than 5.00 pm (AEST) on Thursday, 12 October 2017. Your financial institution may implement earlier cut-off times with regard to electronic payment, and you should take that into consideration.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

## 2.8 **No minimum subscription**

There is no minimum subscription amount for the Entitlement Offer.

## 2.9 **Entitlement and Acceptance Form is binding**

A completed and lodged Entitlement and Acceptance Form with the requisite Application Monies, or a payment made through BPAY®, constitutes a binding offer to acquire New Shares on the terms of this Information Booklet and, once paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid Application for New Shares. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is at their sole discretion and final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that you:

- (a) acknowledge that you have read this Information Booklet and the accompanying Entitlement and Acceptance Form in their entirety;
- (b) agree to be bound by the terms of the Entitlement Offer, this Information Booklet and Phosphagenics' constitution;
- (c) authorise Phosphagenics to register you as the holder(s) of the New Shares allotted to you;
- (d) declare that all details and statements made in the Entitlement and Acceptance Form are complete and accurate;
- (e) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement Offer;
- (f) acknowledge that, once Phosphagenics or the Share Registry receives the Entitlement and Acceptance Form or your payment by BPAY®, you may not withdraw it except as allowed by law;
- (g) apply for the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies, at the Issue Price per New Share;



- (h) agree to be issued the number of New Shares that you apply for;
- (i) authorise Phosphagenics, the Underwriters, the Share Registry and their respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (j) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form;
- (k) acknowledge that the information contained in this Information Booklet is not investment advice or a recommendation that New Shares are suitable for you, given your investment objectives, financial situation or particular needs;
- (l) acknowledge that the Information Booklet is not a prospectus and does not contain all of the information that you may require in order to assess an investment in Phosphagenics and is given in the context of Phosphagenics' past and ongoing continuous disclosure announcements to ASX;
- (m) acknowledge that you have read and understood the statements of risks in the Key Risks' section of the investor presentation included in section 3 of this Information Booklet and that an investment in Phosphagenics is subject to risks;
- (n) acknowledge that none of Phosphagenics the Underwriters, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Phosphagenics, nor do they guarantee the repayment of capital;
- (o) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of the New Shares on the Record Date;
- (p) authorise Phosphagenics to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- (q) you represent and warrant (for the benefit of Phosphagenics) that you are not an Ineligible Shareholder and are otherwise eligible to participate in the Entitlement Offer;
- (r) you represent and warrant that the law of any place does not prohibit you from being given this Information Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares;
- (s) are an Eligible Shareholder and are not in the United States of America and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States of America (to the extent such person holds ordinary shares in Phosphagenics for the account or benefit of such person in the United States) and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;
- (t) acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia;
- (u) have not and will not send any materials relating to the Entitlement Offer to any person in the United States of America or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States of America; and
- (v) you understand and acknowledge that neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act or the securities laws

of any state or other jurisdiction in the United States. Notwithstanding the foregoing, the Entitlements may not be purchased, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States.

**2.10 Brokerage and stamp duty**

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Entitlement Offer.

**2.11 Notice to nominees and custodians**

Nominees and custodians may not distribute any part of this Information Booklet or any Entitlement and Acceptance Form in any country outside Australia, except to beneficial holders of Shares in New Zealand, Singapore and Hong Kong or any other country to the extent Phosphagenics may determine it is lawful and practical to make the Entitlement Offer.

Phosphagenics is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of Existing Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary complies with applicable foreign laws. Phosphagenics is not able to advise on foreign laws.

### **3. INVESTOR PRESENTATION**



September 2017

# **Entitlement Offer Presentation**

## **TPM<sup>®</sup> : World leading delivery technology**

[www.phosphagenics.com](http://www.phosphagenics.com)  
(ASX : POH)



# Cautionary statements

## **Nature of this document**

This presentation has been prepared by Phosphagenics Limited (**Phosphagenics**, **POH** or **Company**) in relation to a proposed partially underwritten, pro rata non-renounceable entitlement offer (**Entitlement Offer**) of new shares to be made under section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) (as modified by ASIC Corporations Instrument 2016/84). The Entitlement Offer will be made to eligible shareholders of Phosphagenics.

## **Not an offer**

This presentation is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with ASIC) or any other law and does not contain all the material information which a prospective investor may require in evaluating a possible investment in Phosphagenics. This presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction. Any decision to purchase new shares must be made on the basis of each investor's own investigations and inquiries into the Company on the basis of the information to be contained in the Entitlement Offer booklet to be prepared and issued to eligible investors and a review of Phosphagenics' other periodic and continuous disclosure announcements lodged with the ASX, which are available at [www.asx.com.au](http://www.asx.com.au).

The offer booklet for the Entitlement Offer will be available following its lodgement with ASX. Any eligible shareholder who wishes to participate in the Entitlement Offer should consider the offer booklet and Phosphagenics' other periodic and continuous disclosure announcements in deciding to apply for new shares under that offer. Any eligible shareholders of Phosphagenics with a registered address in Australia or New Zealand, or Singapore or Hong Kong to the extent Phosphagenics can make the offer in those jurisdictions in accordance with applicable securities laws, who wish to apply for new shares under the Entitlement Offer will need to apply in accordance with the instructions contained in the Entitlement Offer booklet and the entitlement and application form.

This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The new shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States or to persons that are acting for the account or benefit of persons in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws.

This presentation and its contents must not be distributed, transmitted or viewed by any person in the United States or any jurisdiction where the distribution, transmission or viewing of this document would be unlawful under the securities or other laws of that or any other jurisdiction. See Appendices – International Offer Restrictions.



# Cautionary statements (cont.)

## **Not financial product advice**

This presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation to acquire new shares and does not and will not form any part of any contract for the acquisition of new shares. Recipients of this presentation should carefully consider whether the new shares to be issued by the Company are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position.

This presentation does not take into account the individual investment objectives, financial situation and particular needs of each investor or shareholder. Prospective investors should seek independent financial and taxation advice before making any decision in respect of this presentation. Neither Phosphagenics nor any of its related bodies corporate is licensed to provide financial product advice in respect of Phosphagenics' securities or any other financial products.

## **Disclaimer**

No representation or warranty, express or implied, is made by Phosphagenics in respect of the information contained in this presentation. Except for statutory liability which cannot be excluded, each of the Company, its directors, officers, employees, advisers and agents expressly disclaims any responsibility for the accuracy, fairness, sufficiency or completeness of the material contained in this presentation, or any opinions or beliefs contained in this presentation, and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this presentation or any error or omission there from. To the maximum extent permitted by the law, Phosphagenics disclaims any obligation to update or keep current the information contained in this presentation or to correct any inaccuracy or omission which may become apparent, or to furnish any person with any further information. Any opinions expressed in the presentation are subject to change without notice.

Determination of eligibility of shareholders for the of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Phosphagenics. Phosphagenics disclaims any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.



# Cautionary statements (cont.)

## **Forward-Looking Statements**

This document may contain forward-looking statements. Forward looking statements are only predictions and are subject to risks, uncertainties and assumptions which include (but are not limited to) commodity prices, currency fluctuations, economic and financial market conditions in various countries and regions, environmental risks and legislative, fiscal or regulatory developments, political risks, project delay or advancement, approvals and cost estimates.

These statements relate to, but are not limited to: (1) the safety or efficacy of, or potential applications for, Phosphagenics' TPM<sup>®</sup> platform technology; (2) the strength of Phosphagenics' intellectual property; (3) the timelines for Phosphagenics' clinical trials and regulatory processes for its different products; (4) the scalability and efficiency of manufacturing processes; (5) revenue projections, market share expectations and capital requirements; (6) the outcome of the Mylan arbitration.

The forward looking statements contained in this document are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of the Company, its directors and management, and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. Refer to the Key Risks section of this document for a summary of certain general and Company specific risk factors that may affect Phosphagenics. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in this document. Investors should consider the forward looking statements contained in this document in light of those disclosures. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this document. Any forward looking statement in this document is valid only at the date of issue of this document. Subject to any continuing obligations under applicable law and the ASX Listing Rules, or any other listing rules or financial regulators' rules, the Company, its subsidiaries and the Company's personnel do not undertake any obligation to update or revise any information or any of the forward looking statements in this document if events, conditions or circumstances change or that unexpected occurrences happen to affect such a statement. Sentences and phrases are forward looking statements when they include any tense from present to future or similar inflection words, such as (but not limited to) "believe," "estimate," "anticipate," "plan," "predict," "may," "hope," "can," "will," "should," "expect," "intend," "is designed to," "with the intent," "potential," the negative of these words or such other variations thereon or comparable terminology, may indicate forward looking statements.

## **Past performance**

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on its future financial performance or condition. Investors should note that past performance, including past share price performance, of Phosphagenics, cannot be relied upon as an indicator of (and provides no guidance as to) future Company performance including future share price performance

## **Investment Risk**

An investment in the Company's shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company. Phosphagenics does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. Persons should read the Key Risks section of this document for a non-exhaustive summary of the key issues that may affect the Company and its financial and operating performance.



# Entitlement Offer overview

- Entitlement Offer to raise up to approximately A\$4.7 million by way of a partially underwritten, 1 for 4 pro-rata non-renounceable entitlement offer to existing shareholders (**Entitlement Offer**)
  - Up to 315,491,490 new POH shares (**New Shares**) to be issued (subject to rounding of fractional entitlements)
  - Applicants who take up their full entitlement under the Entitlement Offer will be able to apply for additional New Shares under a shortfall facility<sup>1</sup>
  - Offer price of A\$0.015 per New Share, represents a (based on the last traded price on confirm):
    - 14% discount to TERP<sup>2</sup> of A\$0.0174;
    - 17% discount to the last traded price of A\$0.018; and
    - 21% discount to the 5 day VWAP of A\$0.019
  - The net proceeds raised from the Entitlement Offer will provide funds for Phosphagenics to progress the Mylan arbitration as well as continue the development and partnership of the TPM Opioid Patches, the TPM Injectable Portfolio, the TPM Animal Health opportunities and cash on hand for working capital and other purposes, and fund the costs of the Entitlement Offer
  - Entitlement Offer to open on 3 October 2017 and close on 12 October 2017
  - New Shares issued under the Entitlement Offer will rank equally with existing shares on issue
  - A number of existing shareholders have pre-committed to take up some or all of the entitlements amounting to approximately \$567,000
  - A number of shareholders have agreed to partially underwrite the Entitlement Offer to the amount of approximately \$980,000. In particular, Australian-based directors Greg Collier, David Segal and Ross Murdoch (or their related entities) have underwritten the Entitlement Offer to the value of \$30,000, \$30,000 and \$25,000 respectively. The director underwriters have waived their entitlement to an underwriting fee (5.0% for non-director underwriters).
- Partial underwriting**
- Pre-commitments**
- Ranking**
- Timing**
- Use of proceeds**
- Offer Pricing**
- Offer Size & Structure**

1. The Entitlement Offer will include a shortfall facility, under which Eligible Shareholders who take up their full Entitlement will be able to apply for additional Shares (subject to a cap) in the Entitlement Offer from a pool of New Shares made up of those not taken up by other Eligible Shareholders or by shareholders that are ineligible to participate in the Entitlement Offer. There is no guarantee that applicants under this shortfall facility will receive all or any of the New Shares they apply for under the shortfall facility.

2. The Theoretical Ex-Rights Price (**TERP**) is the theoretical price at which POH shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equate to TERP.





# Sources and uses of funds - \$4.7m cash raised

This table displays the intended use of funds if the maximum of \$4.7m is raised

Sources	\$m	Uses	\$m
Cash balance at 31 August 2017	3.024	Mylan arbitration	1.7
R&D rebate	1.195	Continue the development and partnership of the TPM Opioid Patches	2.4
Cash raised from Entitlement Offer	4.7	TPM Injectable portfolio	0.3
		TPM Animal Health opportunities	0.7
		Costs of the Entitlement Offer	0.15
		Cash on hand for working capital and other purposes	3.669
<b>Total sources of funds</b>	<b>8.919</b>	<b>Total uses of funds</b>	<b>8.919</b>



# Sources and uses of funds - \$3m cash raised

This table displays intended use of funds if \$3m is raised (approximately 60% of the offer)<sup>1</sup>

Sources	\$m	Uses	\$m
Cash balance at 31 August 2017	3.024	Mylan arbitration	1.7
R&D rebate	1.195	Continue the development and partnership of the TPM Opioid Patches	2.4
Cash raised from Entitlement Offer	3.0	TPM Injectable portfolio	0.3
		TPM Animal Health opportunities	0.7
		Costs of the Entitlement Offer	0.15
		Cash on hand for working capital and other purposes	1.969
<b>Total sources of funds</b>	<b>7.219</b>	<b>Total uses of funds</b>	<b>7.219</b>

<sup>1</sup> The actual amount raised will depend on shareholder participation in the entitlement offer. The Company has received pre-committments and agreed partial underwriting that represents \$1.547 million in total.



# Entitlement Offer Timetable

	Date (AEST <sup>1</sup> unless otherwise stated)
Announcement of Entitlement Offer	Tuesday, 26 September 2017
POH Shares begin to trade on an “ex-entitlement” basis	Friday, 29 September 2017
Record Date for determining Eligible Shareholders under the Entitlement Offer	Monday, 2 October 2017
Entitlement Offer opens and Entitlement Offer Booklets despatched	Tuesday, 3 October 2017
Entitlement Offer closes	Thursday, 12 October 2017
Allotment of New Shares issued under the Entitlement Offer	Thursday, 19 October 2017
Despatch of holding statements and normal trading of New Shares issued under Entitlement Offer	Friday, 20 October 2017

Note: The above timetable is indicative only and subject to variation. POH reserves the right to alter the timetable at their discretion and without notice, subject to ASX Listing Rules

1. AEST refers to Australian Eastern Standard Time



## Post entitlement issue capital structure

	Pre Raising	Post Raising (assuming \$4.7m is raised)	Post Raising (assuming \$3m is raised)
Shares	1.261 Billion	1.577 Billion	1.461 Billion
Cash and R&D rebate	\$4.219M (August 2017)	\$8.919M	\$7.219M
Market Cap (at \$0.018)	\$22.7M	\$28.4M	\$26.3M



# Risks of Rights Issue

## ***Mylan arbitration***

The Mylan arbitration remains a substantial focus for Phosphagenics in 2017. Both the TPM®/ Daptomycin product itself, and the damages Phosphagenics is seeking, represent significant value potential for the company and contribute to the ongoing protection of the company's Intellectual Property.

It was announced in May 2017 that Phosphagenics had filed its expert report in respect of the Mylan Arbitration which included an independent expert assessment of the damages claimed. If Phosphagenics was to succeed on all aspects of all its claims, the maximum total damages assessed by Phosphagenics' independent experts is approximately US\$300.4 million. This is the aggregate amount in respect of the individual claims arising from the multiple causes of action, each of which carries its own probability of success with the arbitrator (the Singapore International Arbitration Centre).

It should be noted however that it is likely Mylan will challenge the assumptions which underlie the calculation of this claimed quantum and will continue to contend that it is not otherwise liable in respect of the various claims. Therefore, there can be no assurances as to the outcome of the Arbitration proceedings.

The arbitration remains on schedule for hearing in October/November 2017. In the meantime, Phosphagenics may also consider settlement discussions with Mylan, which would take into account various commercial considerations and risks to the company. If Phosphagenics is awarded damages and Mylan does not make payment, Phosphagenics will be required to undertake further proceedings.

Arbitration by its nature is uncertain and while Phosphagenics has commenced the action, the outcome of the Mylan arbitration may not be known for some time and may ultimately not be successful. If the arbitration against Mylan is unsuccessful, Phosphagenics may be ordered to pay costs.

## ***Revenue value***

The revenue for the first half of 2017 was largely made up of the payment received from Terumo Corporation in exchange for exclusive negotiation rights in respect of the TPM®/Oxymorphone patch in the Japanese market. Under the terms of the non-binding term sheet, Phosphagenics received a non-refundable payment of 35 million JPY (approximately A\$400,000) associated with the signing of the term sheet, in exchange for granting exclusive negotiation rights to Terumo.

## ***Decline of sales of key product***

Production & Personal Care revenue declined significantly in the first half of 2017 as sales of key product VitalET® declined substantially due to inventory overstocking by global distributor Ashland in prior periods.

## ***Uncertainty of market acceptance of Phosphagenics' products***

Sales and growth in sales of Phosphagenics' products depends on the level of acceptance by medical practitioners and pharmaceutical companies. While the company has continued to make sales in the research market, market penetration among clinical specialists is in a much earlier phase and the company has not yet penetrated the primary care market.



# Risks of Rights Issue

## ***Healthcare funding and reimbursement***

Level of market acceptance of the company's products is dependent to some degree on levels of reimbursement from governments and private health insurers for the use of the company's products. If the level of expected funding is not received, there may be less take up in the market due to higher costs.

## ***Reduced R&D tax incentive***

The Australian government may change the current R&D legislative regime and reduce the incentive.

## ***Clinical Development***

There are inherent risks involved with the development of pharmaceutical products including failure to achieve safety and/or efficacy end points in clinical trials. Phosphagenics cannot guarantee that its research and development activities will lead to the development and successful commercialisation of its products.

## ***Regulatory Risks***

As with any company involved in developing pharmaceutical products, Phosphagenics must comply with the regulatory framework in any country in which it intends to market its products.

To obtain regulatory approval for the commercial sale of its products, Phosphagenics must prove that its products are both safe and effective for use in each proposed indication. There can be no guarantees that regulatory approval to sell future products will be obtained in a reasonable timeframe or at all.

## ***International markets***

Phosphagenics operates across a number of jurisdictions and therefore there are certain risks inherent in operating internationally such as unexpected changes and regulatory requirements, fluctuations and currency exchange rates, technology export and import restrictions or prohibitions, fees or reductions in business, political instability, war and other economic or political risks. Such events could adversely affect the ability of the company to grow internationally.



# Risks of Rights Issue

## ***Reliance on Partners and Commercial Agreements***

Phosphagenics relies on its partnership with Terumo Corporation and has recently signed an Oxymorphone Development Agreement with Terumo Corporation. However, negotiations in relation to a definitive sale or licensing agreement continue and Phosphagenics may not be able to negotiate such an agreement on favourable terms or at all.

## ***Competing products***

Phosphagenics is aware of several other companies seeking to develop similar products. As such, products may be brought to market which are safer, more effective and/or more cost effective.

## ***Third party contractors***

Phosphagenics relies on third parties such as contract research organisations, to conduct clinical trials. If these contractors do not fulfil their duties in a timely fashion, or with appropriate skill, Phosphagenics may not receive regulatory approvals for, or be able to commercialise, their products.

## ***Funding***

The proposed application of funds set out in this information booklet is based on estimates and assumptions about certain events and circumstances (including the Mylan arbitration) which have not yet taken place, and are therefore subject to variation and possible non fulfilment. There can be no assurances as to the accuracy of estimated expenditure or funding needs described in this presentation. If this offer is not fully subscribed, and in the absence of other sources of funding on a timely basis, then Phosphagenics may not be able to fund all activities.

## ***Dependence on key personnel***

The operations and future success of Phosphagenics will depend upon the efforts and abilities of its key executives. The loss of any of these people's services could adversely affect Phosphagenics.

## ***Future capital needs***

It may be necessary for Phosphagenics to raise additional funds in order to undertake further product development or fund other needs which arise. There is no assurance that such funding will be available to Phosphagenics in the future or that it will be available on acceptable terms.





# International offer restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## **Hong Kong**

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## **New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## **Singapore**

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA. This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.



[www.phosphagenics.com](http://www.phosphagenics.com)



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**Investor Relations Questions**

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#### 4. DEFINITIONS

These definitions are provided to assist the understanding some of the expressions used in this Information Booklet.

"\$" or "AUD" means Australian dollars.

"**Additional Shares**" means New Shares offered to Eligible Shareholders under the Shortfall Facility.

"**Applicant**" means an Eligible Shareholder who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form or has arranged for payment through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

"**Application**" means a duly completed Entitlement and Acceptance Form submitted to Phosphagenics accompanied by the relevant Application Monies or arranging for payment of the relevant Application Monies through BPAY® in accordance with the instructions on the Entitlement and Acceptance Form.

"**Application Monies**" means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY®.

"**ASIC**" means the Australian Securities and Investments Commission.

"**ASX**" means ASX Limited ACN 008 624 691 or the securities exchange operated by it (as the case requires).

"**Business Day**" means a business day as defined in the Listing Rules.

"**Closing Date**" means Thursday, 12 October 2017, the day the Entitlement Offer closes, or any other date that the Directors in their absolute discretion determine, subject to the Listing Rules.

"**Corporations Act**" means the *Corporations Act 2001* (Cth).

"**Directors**" means the directors of Phosphagenics as appointed from time to time.

"**Eligible Shareholder**" has the meaning given in section 1.5.

"**Entitlement**" means the right to subscribe for New Shares under the Entitlement Offer.

"**Entitlement and Acceptance Form**" means the personalised acceptance form accompanying this Information Booklet.

"**Entitlement Offer**" means a non-renounceable entitlement offer to Eligible Shareholders to subscribe for 1 New Share for every 4 Existing Shares of which the Shareholder is the registered holder on the Record Date, at the Issue Price pursuant to this Information Booklet.

"**Existing Shares**" means the Shares already on issue in Phosphagenics as at the Record Date.

"**Ineligible Shareholder**" means a Shareholder as at the Record Date who is not an Eligible Shareholder.

"**Information Booklet**" means this document.

"**Investor Presentation**" means the investor presentation contained in section 3 of this Information Booklet.

"**Issue Price**" means \$0.015 per New Share.

"**Listing Rules**" means the official listing rules of ASX.

"**New Shares**" means Shares to be allotted and issued under the Entitlement Offer, including (as the context requires) the shortfall from the Entitlement Offer issued under the Shortfall Facility.

"**Phosphagenics**" means Phosphagenics Limited ACN 056 482 403.

"**Record Date**" means 7.00pm (AEST) on 2 October 2017.

"**Reduced Amount**" has the meaning given in section 2.4.

"**Shareholders**" means holders of Shares.

"**Shares**" means fully paid ordinary shares in the capital of Phosphagenics.

"**Share Registry**" means Computershare Investor Services Pty Limited ACN 078 279 277.

"**Shortfall Facility**" means the facility described in section 1.3 under which Eligible Shareholders may apply for New Shares in excess of their Entitlement.

"**Shortfall Shares**" means those New Shares not taken up by Eligible Shareholders under the Entitlement Offer or the Shortfall Facility, as well as New Shares that are not able to be taken up by Ineligible Shareholders.

"**TERP**" means theoretical ex-rights issue price.

"**Underwriter**" means a number of existing shareholders and new investors who have signed Underwriting Agreements with the Company.

"**Underwriting Agreements**" means the underwriting agreements dated on or around 25 September 2017 between Phosphagenics and each Underwriter.

"**US Securities Act**" means the *United States Securities Act of 1933*, as amended.

# Corporate directory

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## **Phosphagenics Limited**

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## **Lawyers to the offer**

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[www.jonesday.com](http://www.jonesday.com)

## **Directors**

Dr Greg Collier (Independent Chairman)

Dr Ross Murdoch (CEO and Managing Director)

Mr David Segal (Non-executive Director)

Mr Peter Lankau (Independent Director)

## **Company Secretary and CFO**

Ms Anna Legg

## **Share Registry**

Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnston Street  
Abbotsford, VIC 3067

[www.computershare.com.au](http://www.computershare.com.au)