



PHOSPHAGENICS

5 July 2005

**The Manager
Company Announcements Office
Australian Stock Exchange Limited**

Dear Sir

Phosphagenics Limited

Change of Director's Interest Notice – Mr M D Preston

Attached for release to the market is an Appendix 3Y Notice advising of variations in the entitlement to the Company's ordinary fully paid shares of Mr M D Preston.

As advised to the Exchange, the 2,372,659 shares issued to Mr Preston in his capacity as a shareholder in Vital Health Sciences Limited were subject to a voluntary escrow agreement whereby the shares as issued were issued subject to voluntary escrow conditions:

- Tranche 1 – 790,886 shares, no restrictions;
- Tranche 2 – 790,886 shares, restricted until 1 July 2005; &
- Tranche 3 – 790,887 shares, restricted until 1 January 2006

As of 1 July 2005 the Tranche 2 escrow period ended.

In addition, and as advised to the Company on 4 July 2005, Mr Preston has transferred a total of 790,886 ordinary shares into a joint holding with his wife, Mrs Sherri Preston.

Whilst Mr Preston's aggregate entitlement to the ordinary shares of Phosphagenics Limited is unchanged we enclose an Appendix 3Y recording the above variations.

Yours faithfully
Phosphagenics Limited

per Mourice Garbutt
Company Secretary
phiasx\3y mdp (asx)

Phosphagenics Limited

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Appendix 3Y

Change of Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/9/2001.

Name of entity	PHOSPHAGENICS LIMITED
ABN	32 056 482 403

We (the entity) give ASX the following information under listing rule 3.19A.2 and as agent for the director for the purposes of section 205G of the Corporations Act.

Name of Director	PRESTON, Michael David
Date of last notice	24 DECEMBER 2004 (Appendix 3Y)

Part 1 - Change of director's relevant interests in securities

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

Direct or indirect interest	Refer Annexure "A"
Nature of indirect interest (including registered holder) <small>Note: Provide details of the circumstances giving rise to the relevant interest.</small>	Refer Annexure "A"
Date of change	Refer Annexure "A"
No. of securities held prior to change	2,373,659 shares - Refer Annexure "A"
Class	Refer Annexure "A"
Number acquired	Nil - Refer Annexure "A"
Number disposed	Nil - Refer Annexure "A"
Value/Consideration <small>Note: If consideration is non-cash, provide details and estimated valuation</small>	Nil - Refer Annexure "A"
No. of securities held after change	2,373,659 shares - Refer Annexure "A"
Nature of change <small>Example: on-market trade, off-market trade, exercise of options, issue of securities under dividend reinvestment plan, participation in buy-back</small>	No change to entitlements; refer Annexure "A"

Part 2 – Change of director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

+ See chapter 19 for defined terms.

Detail of contract	Share Sale Agreement
Nature of interest	<p>Arising from the resolution of the shareholders of Phosphagenics Limited General Meeting held on 29 January 2004 approving the acquisition of shares in Vital Health Sciences Limited not already owned by Phosphagenics, Mr Preston, a holder of 7,000 VHS shares, received 2,372659 new shares in Phosphagenics Limited in December 2004.</p> <p>As noted in the General Meeting documentation the shares issued to the vendor shareholders of Vital Health Sciences Limited were subject to(*) voluntary escrow arrangements and issued in three equal tranches as follows:</p> <p>Tranche 1 unrestricted Tranche 2 * restricted as to trading until 1 July 2005 Tranche 3 * restricted as to trading until 1 January 2006 Tranche 2 shares have now ceased to be subject to the voluntary escrow restrictions</p>
Name of registered holder (if issued securities)	Michael Preston
Date of change	1 July 2005 – end of the Tranche 2 restriction period
No. and class of securities to which interest related prior to change Note: Details are only required for a contract in relation to which the interest has changed	Not applicable as entitlement has not changed
Interest acquired	NOT APPLICABLE
Interest disposed	NOT APPLICABLE
Value/Consideration Note: If consideration is non-cash, provide details and an estimated valuation	NOT APPLICABLE
Interest after change	NOT APPLICABLE

+ See chapter 19 for defined terms.

Annexure "A"
to Appendix 3Y
5 July 2005

This is the Annexure "A" of one page referred to in the Appendix 3Y Notice (Change of director's interest) for Michael David PRESTON dated 5 July 2005

Entitlement and Registered Holder	Present Appendix 3Y 05/07/05	Previous Appendix 3Y 24/12/04
Michael David PRESTON		
entitlement held by:		
• Self	1,581,773	2,372,659
• Michael & Sherri PRESTON	790,886	-
Total Entitlement	2,372,659	2,372,659
Total issued Shares	499,883,476	499,834,011
Percentage Entitlement	0.474%	0.474%

Movements:

1	Michael PRESTON	
	Balance, per Appendix 3Y, 24/12/04	2,372,659
	LESS transfer to joint holding of:	
	Michael & Sherri PRESTON	(790,886)
	Balance, per Appendix 3Y, 05/07/05	1,581,773
2	Michael & Sherri PRESTON	
	Balance, per Appendix 3Y, 24/12/04	nil
	ADD transfer from Michael PRESTON	790,886
	Balance, per Appendix 3Y, 05/07/05	790,886

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+ See chapter 19 for defined terms.