PHOSPHAGENICS

2 August 2007

THE MANAGER
COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED

Dear Sir

PHOSPHAGENICS LIMITED
EMPLOYEE SHARE OPTION PLAN ("ESOP") - GRANT OF OPTIONS

Enclosed is an Appendix 3B Notice advising of the reconciliation of the ESOP for the June 2007 quarter:

(i) GRANT

Employee Share Option Plan ("ESOP")

June 2012 options (A$0.2637)	**1,400,000**

(ii) LAPSE

In addition, the Company advises that 100,000 non-vested August 2011, A$0.3657 ESOP options have lapsed.

Following the above grant and lapse of options the Company's non-quoted securities consists of:

(A)	**ESOP**	August 2010	(21.48 cents)	1,000,000
		May 2011	(23.46 cents)	2,600,000
		August 2011	(36.57 cents)	100,000
		June 2012	(26.37 cents)	1,400,000
TOTAL ESOP OPTIONS				**5,100,000**
(B)	**OTHER**	March 2011	(24.0 cents)	**500,000**

As and when any or all of the above option are exercised the Company will seek approval for the quotation of the new shares as issued pursuant to such exercise of options.

Yours faithfully
Phosphagenics Limited

per Mourice Garbutt
Company Secretary
p\asx\grant of options 02 08 07

Phosphagenics Limited
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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

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 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

PHOSPHAGENICS LIMITED

ABN

32 056 482 403

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1	+Class of +securities issued or to be issued	OPTIONS ESOP
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	(A) 1,400,000 ESOP JUNE 2012 (B) (100,000) ESOP AUGUST 2011 *** ESOP OPTIONS LAPSED**
3	Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)	(A) ESOP 6TH JUNE 2012 OPTIONS ISSUE PRICE – NIL EXERCISE PRICE A$0.2367 (B) LAPSED 100,000 ESOP AUGUST 2011 A$0.3657 OPTIONS

4	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	1 "ESOP" OPTIONS. NO 2 HOWEVER, UPON EXERCISE OF THE OPTION THE SHARES ARISING FROM THE EXERCISE OF OPTIONS WILL RANK EQUALLY WITH EXISTING ORDINARY QUOTED SHARES
5	Issue price or consideration	ISSUE PRICE OF OPTIONS – NIL SEE PART 1(3) FOR EXERCISE PRICE
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	1,400,000 JUNE 2012 OPTIONS UNDER ESOP **LESS** 100,000 AUGUST 2011 OPTIONS UNDER ESOP LAPSED
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	QUARTERLY RECONCILIATION OF THE COMPANY'S ESOP- EFFECTIVE 30 JUNE 2007

8 Number and +class of all +securities quoted on ASX (*including* the securities in clause 2 if applicable)

Number	+Class
603,439,181	ORD (POH)
59,646,712	OPTIONS, JUNE 2009 (POHOB)
606,405,188	

+ See chapter 19 for defined terms.

9 Number and +class of all +securities not quoted on ASX (*including* the securities in clause 2 if applicable)

Number	+Class
2,600,000	ESOP - MAY 2011
500,000	MARCH 2011
1,000,000	ESOP – AUGUST 2010
100,000	ESOP – AUGUST 2011
1,400,000	ESOP – JUNE 2012
5,600,000	**TOTAL UNQUOTED OPTIONS**

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

ANY SHARES ARISING FROM THE EXERCISE OF THE NEWLY GRANTED OPTIONS WILL RANK EQUALLY WITH EXISTING ORDINARY SHARES

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?

12 Is the issue renounceable or non-renounceable?

13 Ratio in which the +securities will be offered

14 +Class of +securities to which the offer relates

15 +Record date to determine entitlements

16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

17 Policy for deciding entitlements in relation to fractions

18 Names of countries in which the entity has +security holders who will not be sent new issue documents

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7.

19 Closing date for receipt of acceptances or renunciations

+ See chapter 19 for defined terms.

20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	
25	If the issue is contingent on +security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do +security holders sell their entitlements *in full* through a broker?	
31	How do +security holders sell *part* of their entitlements through a broker and accept for the balance?	

+ See chapter 19 for defined terms.

32	How do +security holders dispose of their entitlements (except by sale through a broker)?	
33	+Despatch date	

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(*tick one*)

(a) ☐ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 ☐ If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	
39	Class of +securities for which quotation is sought	
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	

42 Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)

Number	+Class

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.

- There is no reason why those +securities should not be granted +quotation.

- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

  Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: .... Date: 2 AUGUST 2007
(Company Secretary)

Print name: MOURICE R GARBUTT

p\asx\3b grant of options 02 08 07

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+ See chapter 19 for defined terms.