

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 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

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 | 2016 Options and 2017 Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 15,000,000 - 2016 Options to be issued under the Company's Employee Equity Incentive Plan
5,250,000 – 2017 Options to be issued under the Company's Employee Equity Incentive Plan |
| 3 | Principal terms of the +securities (e.g. 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) | 2016 Options and 2017 Options granted to eligible employees under the terms of the Company's Employee Equity Incentive Plan approved by the shareholders at the Annual General meeting on 31 May 2017.

Each 2016 Option and 2017 Option entitles the holder to receive one fully paid ordinary share (or, at the discretion of the Board, a cash payment in lieu of a share) on the exercise of the option. |

+ See chapter 19 for defined terms.

2016 Options Vesting Conditions

Subject to the terms of the Employee Equity Incentive Plan, 2016 Options which have not lapsed will vest and become exercisable in tranches as follows:-

- one-third of the Options will vest on 11 September 2017 (Tranche 1 Vesting Date), subject to the volume weighted average of the prices of Shares traded on ASX in any 5 consecutive trading days (5 Day VWAP) during the period commencing 3-months immediately prior to and extending to 3-months post the Tranche 1 Vesting Date being greater than 50% above the Invitation VWAP (\$0.021), calculated to be \$0.032;
- one-third of the Options will vest on 10 September 2018 (Tranche 2 Vesting Date), subject to any 5 Day VWAP during the period commencing 3-months immediately prior to and extending to 3-months post the Tranche 2 Vesting Date being greater than 100% above the Invitation VWAP (\$0.021), calculated to be \$0.042;
- one-third of the Options will vest on 9 September 2019 (Tranche 3 Vesting Date), subject to any 5 Day VWAP during the period commencing 3-months immediately prior to and extending to 3-months post the Tranche 3 Vesting Date being greater than 150% above the Invitation VWAP (\$0.021), calculated to be \$0.053.

For these purposes, the Invitation VWAP means the volume weighted average of the prices of Shares traded on ASX in the 5 trading days up to Invitation Date (calculated to be \$0.021).

	2017 Option Vesting Conditions Subject to the terms of the Employee Equity Incentive Plan, 2017 Options which have not lapsed will vest and become exercisable in tranches as follows:- • one-third of the Options will vest on 11 September 2017 (Tranche 1 Vesting Date); • one-third of the Options will vest on 10 September 2018 (Tranche 2 Vesting Date); • one-third of the Options will vest on 9 September 2019 (Tranche 3 Vesting Date). Vesting conditions may be waived at the discretion of the Board. 2016 Options and 2017 Options will lapse unless the applicable vesting conditions are satisfied or waived. 2016 and 2017 Vested options are exercisable at the exercise price at \$0.023 (10% above Invitation VWAP). 2016 and 2017 Options expire on 10 September 2021, or any later date determined by the Board from time to time.
4	Do the +securities rank equally in all respects from the +issue date 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
	No – In accordance with the Employee Equity Incentive Plan rules, 2016 Options and 2017 Options do not carry voting rights or entitlement to dividends. However, on the exercise of a 2016 Option or 2017 Option the holder will receive one fully paid ordinary share which will rank equally in all respects with existing ordinary shares of the Company from the date of issue.
5	Issue price or consideration
	2016 Options – Nil 2017 Options – Nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)
	Grant under the Company's Employee Equity Incentive Plan.

+ See chapter 19 for defined terms.

6a	Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i	N/A
6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of +securities issued without security holder approval under rule 7.1	N/A
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of +securities issued under an exception in rule 7.2	2016 Options - 15,000,000 2017 Options - 5,250,000
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A

7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	2016 Options issued on 31 May 2017 2017 Options issued on 31 May 2017								
8	Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>1,261,965,957</td><td>ORD Shares (POH)</td></tr></table>	Number	+Class	1,261,965,957	ORD Shares (POH)				
Number	+Class									
1,261,965,957	ORD Shares (POH)									
9	Number and +class of all +securities not quoted on ASX (<i>including</i> the +securities in section 2 if applicable)	<table><tr><th>Number</th><th>+Class</th></tr><tr><td>3,000,000</td><td>Non-Quoted Options expiring 22 May 2019 (A\$0.172 an option) (POHAS)</td></tr><tr><td>5,250,000</td><td>2017 Options</td></tr><tr><td>48,948,150</td><td>2016 Options</td></tr></table>	Number	+Class	3,000,000	Non-Quoted Options expiring 22 May 2019 (A\$0.172 an option) (POHAS)	5,250,000	2017 Options	48,948,150	2016 Options
Number	+Class									
3,000,000	Non-Quoted Options expiring 22 May 2019 (A\$0.172 an option) (POHAS)									
5,250,000	2017 Options									
48,948,150	2016 Options									
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A								

Part 2 - Pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A

+ See chapter 19 for defined terms.

17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	N/A
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	N/A
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	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A

30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Issue date	N/A

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

+ See chapter 19 for defined terms.

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

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 +issue date 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 is not available now, we 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:
(Company secretary)

Date: 5 June 2017

Print name: Anna Legg

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+ See chapter 19 for defined terms.