

ASX Limited
Market Announcements Office

Reconciliation of Non-Quoted Securities

5 August 2015, Melbourne, Australia

Phosphagenics Limited (ASX: POH; OTCQX: PPGNY) advises and reconciles the following movements in non-quoted securities:

- 1** **2011 Conditional Rights [POHAI]**
- 2** **2015 Conditional Rights, and**
- 3** **May 2019 Options [POHAS]**

Since the Financial Report for the year ended 31 December 2014 the following changes/movements have occurred to the Company's non-quoted securities:

1 **2011 Conditional Rights Plan ("2011 Rights")**

Following the resignations since 31 December 2014 of 'eligible employees' a total of 2,900,000 2011 Rights have automatically lapsed.

2 **2015 Conditional Rights Plan ("2015 Rights")**

At the 2015 Annual General Meeting of the Company as held in May 2015 shareholders approved:

- (i) the adoption of the 2015 Conditional Rights Plan; and
- (ii) the approval of the grant of 15,000,000 2015 Rights to Dr R Murdoch

Arising from these shareholder approvals the Board of Directors has authorised the issue of 25,010,000 2015 Rights to eligible non-director employees together with the issue of to Dr Murdoch of the 15,000,000 2015 Rights – in respect to the latter issue Dr Murdoch abstained from the consideration and approval of the issue of the 2015 Rights to himself.

The 2015 Rights were issue pursuant to the terms and conditions as approved by shareholders at the 2015 Annual General Meeting and as set out in the Explanatory Statement to the Notice of Meeting documentation; and

3 May 2019 Options

No change.

The Company has on issue the 3,000,000 Options as approved by shareholders at the 2014 Annual General Meeting. These Options are fully vested, have an exercise price of A\$0.172 an option and expire in May 2019.

4 Appendix 3B Notice and Summary

Attached is an Appendix 3B Notice covering the above mentioned changes/movements in the Company's non-quoted securities and showing that the Company's issued securities now comprise:

Non-Quoted Securities

(i)	2011 Conditional Rights [POHAI]	10,300,000
(ii)	2015 Conditional Rights	40,010,000
(iii)	May 2019 Options [POHAS]	3,000,000

Quoted Securities

(iv)	Ordinary Fully Paid Shares	1,261,965,957
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END

Enquiries

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About Phosphagenics

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

Phosphagenics' shares are listed on the Australian Securities Exchange (POH) and its ADR – Level 1 program in the US is with The Bank of New York Mellon (PPGNY).

Inherent Risks of Investment in Biotechnology Companies

There are a number of inherent risks associated with the development of pharmaceutical products to a marketable stage. The lengthy clinical trial process is designed to assess the safety and efficacy of a drug prior to commercialisation and a significant proportion of drugs fail one or both of these criteria. Other risks include uncertainty of patent protection and proprietary rights, whether patent applications and issued patents will offer adequate protection to enable product development, the obtaining of necessary drug regulatory authority approvals and difficulties caused by the rapid advancements in technology.

Forward-looking Statements

Certain statements in this announcement may contain forward-looking statements regarding Company business and the therapeutic and commercial potential of its technologies and products in development. Any statement describing Company goals, expectations, intentions or beliefs is a forward-looking statement and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the process of developing technology and in the process of discovering, developing and commercialising drugs that can be proven to be safe and effective for use as human therapeutics, and in the endeavour of building a business around such products and services.

www.phosphagenics.com

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 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	(i) 2011 Conditional Rights; (ii) 2015 Conditional Rights
2	Number of +securities issued or to be issued (if known) or maximum number which may be issued	(i) 2011 Conditional Rights - 2,900,000 Rights - LAPSED (ii) 2015 Conditional Rights - 40,010,000 Rights - ISSUED

+ See chapter 19 for defined terms.

<p>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)</p>	<p>(i) 2011 Conditional Rights – in the period 01 01 2015 to 31 07 2015 2,900,000 Rights have been cancelled upon eligible employees resignations per the terms of the Plan;</p> <p>(ii) 2015 Conditional Rights – arising from resolutions passed at the Company’s 2015 Annual General Meeting held in May 2015 adopting the 2015 Conditional Rights Plan and approving the issue of 15,000,000 Rights to Dr R Murdoch the Company has issued:</p> <p style="padding-left: 40px;">(a) to eligible non-director employees 25,010,000 Rights; and</p> <p style="padding-left: 40px;">(b) to Dr Murdoch, per the shareholders resolutions, 15,000,000 Rights</p> <p>All of the 2015 Conditional Rights have been issued per the terms and condition as set out in the Explanatory Statement to the 2015 Annual General Meeting Notice of Meeting</p>
<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • 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 	<p>No</p> <p>However, should the conditional Milestones set out in the 2011 and 2015 Plans be achieved and the eligible holders exercise the rights attaching to the Rights one new ordinary fully paid share will be issued for each one Right as exercised. Such new shares would rank equally with the Company’s quoted ordinary shares.</p>

+ See chapter 19 for defined terms.

5	Issue price or consideration	nil
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Issued to eligible employee per the Conditional Rights Plans as approved for adoption by shareholders in general meeting.
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	not applicable
6b	The date the security holder resolution under rule 7.1A was passed	not applicable
6c	Number of +securities issued without security holder approval under rule 7.1	not applicable
6d	Number of +securities issued with security holder approval under rule 7.1A	not applicable
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	not applicable
6f	Number of +securities issued under an exception in rule 7.2	2015 Conditional Rights Plan - 40,010,000 Rights
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.	not applicable

+ See chapter 19 for defined terms.

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	not applicable								
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									
7	<p>+Issue dates</p> <p>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.</p> <p>Cross reference: item 33 of Appendix 3B.</p>	<p>(i) cancelled w.e.f. 31 07 2015</p> <p>(ii) issued effective 31 07 2015</p>								
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1,261,965,957</td> <td style="text-align: center;">ORD Shares (POH)</td> </tr> </tbody> </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 (including the +securities in section 2 if applicable)	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 25%;">Number</th> <th style="width: 75%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">3,000,000</td> <td>Non-Quoted Options expiring 22 05 2019 (A\$0.17.2 an option) (POHAS)</td> </tr> <tr> <td style="text-align: center;">10,300,000</td> <td>2011 Conditional Rights (POHAI)</td> </tr> <tr> <td style="text-align: center;">40,010,000</td> <td>2015 Conditional Rights</td> </tr> </tbody> </table>	Number	+Class	3,000,000	Non-Quoted Options expiring 22 05 2019 (A\$0.17.2 an option) (POHAS)	10,300,000	2011 Conditional Rights (POHAI)	40,010,000	2015 Conditional Rights
Number	+Class									
3,000,000	Non-Quoted Options expiring 22 05 2019 (A\$0.17.2 an option) (POHAS)									
10,300,000	2011 Conditional Rights (POHAI)									
40,010,000	2015 Conditional Rights									
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Refer Part 1.4 above								

+ See chapter 19 for defined terms.

Part 2 - Pro rata issue

11	Is security holder approval required?	<input type="text"/>
12	Is the issue renounceable or non-renounceable?	<input type="text"/>
13	Ratio in which the +securities will be offered	<input type="text"/>
14	+Class of +securities to which the offer relates	<input type="text"/>
15	+Record date to determine entitlements	<input type="text"/>
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	<input type="text"/>
17	Policy for deciding entitlements in relation to fractions	<input type="text"/>
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	<input type="text"/>
19	Closing date for receipt of acceptances or renunciations	<input type="text"/>
20	Names of any underwriters	<input type="text"/>
21	Amount of any underwriting fee or commission	<input type="text"/>
22	Names of any brokers to the issue	<input type="text"/>

+ See chapter 19 for defined terms.

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

+ See chapter 19 for defined terms.

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 +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 (<i>including</i> the +securities in clause 38)	Number	+Class

+ See chapter 19 for defined terms.

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 August 2015

Print name: Mourice Garbutt

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1 – NOT APPLICABLE

Rule 7.1 – Issues exceeding 15% of capital	
<i>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</i>	
<i>Insert</i> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	
<i>Add</i> the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
<i>Subtract</i> the number of fully paid +ordinary securities cancelled during that 12 month period	
“A”	

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p><i>Insert</i> number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“C”	
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p>	
<p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p>	
<p>Total [“A” x 0.15] – “C”</p>	<p><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>

+ See chapter 19 for defined terms.

Part 2 – NOT APPLICABLE

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
<p>“A”</p> <p><i>Note: number must be same as shown in Step 1 of Part 1</i></p>	
Step 2: Calculate 10% of “A”	
<p>“D”</p>	<p>0.10</p> <p><i>Note: this value cannot be changed</i></p>
Multiply “A” by 0.10	
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A</p> <p>Notes:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
<p>“E”</p>	

+ See chapter 19 for defined terms.

Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.10] – “E”	<i>Note: this is the remaining placement capacity under rule 7.1A</i>

p\asx\3b reconciliation of securities 05 08 15

+ See chapter 19 for defined terms.