

# 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

**PHYLOGICA LIMITED**

ABN

48 098 391 961

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   | Ordinary Shares<br>Options to acquire Ordinary Shares  |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | Up to 55,061,586 Ordinary shares<br>Up to 55,061,586 Options to acquire Ordinary shares                              |
| 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) | Ordinary Shares: issued fully paid at 5 cents per share<br>Options: exercise price 15 cents, expiring 31 August 2011 |

+ See chapter 19 for defined terms.

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<p>4 Do the +securities rank equally in all respects from the date of allotment 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"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Shares rank equally with existing ordinary shares</p>				
<p>5 Issue price or consideration</p>	<p>Shares: issue price 5 cents per share  Options: free attaching option</p>				
<p>6 Purpose of the issue  (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The funds raised will principally be used to scale-up Phylogica's drug discovery and screening capabilities and working capital.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>TBA</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="694 1590 997 1646">Number</th> <th data-bbox="997 1590 1291 1646">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="694 1646 997 1865">Up to 330,369,514</td> <td data-bbox="997 1646 1291 1865">Ordinary Shares</td> </tr> </tbody> </table>	Number	+Class	Up to 330,369,514	Ordinary Shares
Number	+Class				
Up to 330,369,514	Ordinary Shares				

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<p>9 Number and <sup>+</sup>class of all <sup>+</sup>securities not quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th style="text-align: center;">Number</th> <th style="text-align: left;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">400,000</td> <td>Options 31/07/11 \$0.25</td> </tr> <tr> <td style="text-align: center;">9,856,164</td> <td>Options 31/03/12 \$0.075</td> </tr> <tr> <td style="text-align: center;">2,500,000</td> <td>Class B Options 31/03/12 \$0.075</td> </tr> <tr> <td style="text-align: center;">2,500,000</td> <td>Class B Options 31/03/12 \$0.10</td> </tr> <tr> <td style="text-align: center;">1,340,000</td> <td>Convertible notes 30/04/11</td> </tr> <tr> <td style="text-align: center;">Up to</td> <td></td> </tr> <tr> <td style="text-align: center;">55,061,586</td> <td>Options 31/08/11 \$0.15</td> </tr> </tbody> </table>	Number	+Class	400,000	Options 31/07/11 \$0.25	9,856,164	Options 31/03/12 \$0.075	2,500,000	Class B Options 31/03/12 \$0.075	2,500,000	Class B Options 31/03/12 \$0.10	1,340,000	Convertible notes 30/04/11	Up to		55,061,586	Options 31/08/11 \$0.15
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<p>10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	<p>No dividend policy has been established</p>																

## Part 2 - Bonus issue or pro rata issue

<p>11 Is security holder approval required?</p>	<p>No</p>
<p>12 Is the issue renounceable or non-renounceable?</p>	<p>Renounceable</p>
<p>13 Ratio in which the <sup>+</sup>securities will be offered</p>	<p>1 New Share and 1 New Option for every 5 shares held at the Record Date</p>
<p>14 <sup>+</sup>Class of <sup>+</sup>securities to which the offer relates</p>	<p>Ordinary Shares Options to acquire Ordinary Shares</p>
<p>15 <sup>+</sup>Record date to determine entitlements</p>	<p>8 September 2010</p>
<p>16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?</p>	<p>No</p>
<p>17 Policy for deciding entitlements in relation to fractions</p>	<p>Fractional entitlement will be rounded up to the nearest whole number of shares</p>
<p>18 Names of countries in which the entity has <sup>+</sup>security holders who will not be sent new issue documents</p> <p><small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small></p>	<p>NA</p>

<sup>+</sup> See chapter 19 for defined terms.

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19	Closing date for receipt of acceptances or renunciations	24 September 2010
20	Names of any underwriters	Patersons Securities Limited
21	Amount of any underwriting fee or commission	5% of underwritten amount
22	Names of any brokers to the issue	Patersons Securities Limited
23	Fee or commission payable to the broker to the issue	Lead manager fee of \$60,000
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	NA
25	If the issue is contingent on +security holders' approval, the date of the meeting	NA
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	10 September 2010
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	26 August 2010-
28	Date rights trading will begin (if applicable)	2 September 2010
29	Date rights trading will end (if applicable)	17 September 2010
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Instruction to Stockbroker included on Entitlement and Acceptance Form
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for	Completion of Entitlement and Acceptance Form and complete instructions to

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the balance?	Stockbroker included on Entitlement and Acceptance Form
32 How do +security holders dispose of their entitlements (except by sale through a broker)?	A standard Renunciation of Transfer form and lodged with Company share registry by 5:00pm on 24 September 2010
33 +Despatch date	TBA

### 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

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**Entities that have ticked box 34(b)**

38 Number of securities for which  
 +quotation is sought

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39 Class of +securities for which  
 quotation is sought

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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

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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)

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	Number	+Class
42 Number and +class of all +securities quoted on ASX ( <i>including</i> the securities in clause 38)		

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**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: **26 August 2010**

Print name:

**Greg MacMillan  
Company Secretary**

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