

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 and Quoted Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 60,135,594 Ordinary Shares PYC
30,067,798 Options PYCOA |
| 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) | Shares: Fully Paid
Options: Exercisable at \$0.09 on or before 30 June 2016 |

+ 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"> • 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>Shares rank equally with existing ordinary shares.</p> <p>Options rank equally with existing class on issue.</p>										
<p>5 Issue price or consideration</p>	<p>5.9 cents per share Attaching options issued free</p>										
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Working capital for research and development.</p>										
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>16 May 2011</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="695 1518 995 1552">Number</th> <th data-bbox="995 1518 1283 1552">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1552 995 1585">405,197,346</td> <td data-bbox="995 1552 1283 1585">Ordinary Shares</td> </tr> <tr> <td data-bbox="695 1585 995 1619">47,150,353</td> <td data-bbox="995 1585 1283 1619">Options exercisable at \$0.15 on or before 31 August 2011</td> </tr> <tr> <td data-bbox="695 1619 995 1653"></td> <td data-bbox="995 1619 1283 1653"></td> </tr> <tr> <td data-bbox="695 1653 995 1686">44,067,802</td> <td data-bbox="995 1653 1283 1686">Options exercisable at \$0.09 on or before 30 June 2016</td> </tr> </tbody> </table>	Number	+Class	405,197,346	Ordinary Shares	47,150,353	Options exercisable at \$0.15 on or before 31 August 2011			44,067,802	Options exercisable at \$0.09 on or before 30 June 2016
Number	+Class										
405,197,346	Ordinary Shares										
47,150,353	Options exercisable at \$0.15 on or before 31 August 2011										
44,067,802	Options exercisable at \$0.09 on or before 30 June 2016										

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	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	400,000	Options 31/07/11 \$0.25
	9,856,164	Options 31/03/12 \$0.075
	7,237,500	Options 31/03/13 \$0.075
	2,500,000	Class B Options 31/03/12 \$0.075
	2,500,000	Class B Options 31/03/12
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	No dividend policy has been established	

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	

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- | | | |
|----|---|--|
| 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 <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)? | |

+ See chapter 19 for defined terms.

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

Shares:

	<u>Holder name</u>	<u>Units</u>	<u>% of issued</u>
1	CITICORP NOM PL	55,308,273	13.65%
2	TELETHON INST FOR CHILD H	20,605,501	5.09%
3	AUST HERITAGE GRP PL	8,913,262	2.20%
4	YELLOWROCK PL	7,761,298	1.92%
5	MONSLIT PL	6,400,000	1.58%
6	HSBC CUSTODY NOM AUST LTD	5,201,001	1.28%
7	AUST HERITAGE GRP PL	5,100,806	1.26%
8	MONSLIT PL	5,000,000	1.23%
9	WATT PAUL MICHAEL	4,044,123	1.00%
10	SCHENK ACHIM + LAZZARO V	4,000,000	.99%
11	STEWART ROD CAMPBELL	3,640,276	.90%
12	L & E FISHER NOM PL	3,000,000	.74%
13	L & E FISHER NOM PL	3,000,000	.74%
14	FITEL NOM LTD	2,984,152	.74%
15	GDM SVCS PL	2,981,951	.74%
16	JP MORGAN NOM AUST LTD	2,723,411	.67%
17	AYMON PACIFIC PL	2,500,000	.62%
18	PACIFIC DVLMT CORP PL	2,500,000	.62%
19	GIBSON DAVID BURTON	2,340,886	.58%
20	HENLEY PARK ESTATE PL	2,323,552	.57%
	Top 20 total	150,328,492	37.12%

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Options Expiring 30/06/2016 @ \$0.09:

<u>Holder name</u>	<u>Units</u>	<u>% of issued</u>
1 CITICORP NOM PL	16,949,152	38.46%
2 AUST HERITAGE GRP PL	4,237,288	9.62%
3 YELLOWROCK PL	3,237,289	7.35%
4 SCINTILLA STRATEGIC INV L	1,271,187	2.88%
5 PENSON AUST NOM PL	1,008,474	2.29%
6 MAINVIEW HLDGS PL	1,000,000	2.27%
7 POOL KLAAS + HEATHER J	847,457	1.92%
8 CADEX PETROLEUM PL	697,900	1.58%
9 GEORGES HEIGHTS PL	683,896	1.55%
10 GIDDY SYBIL MARIE	612,500	1.39%
11 NOONBEAU PL	500,000	1.13%
12 FITEL NOM LTD	474,576	1.08%
13 THICK PHILIP ANDREW	427,500	.97%
14 WOOLF NICHOLAS LESLIE	423,728	.96%
15 PLATO PROSPECTING PL	400,000	.91%
16 LORILAW PL	399,000	.91%
17 PEPLON NOM PL	371,986	.84%
18 HEADLAND CAP PL	336,375	.76%
19 GREENBELL ENTPS PL	325,000	.74%
20 SVENSON SHANE THOMAS	307,768	.70%
	34,511,076	78.31%

- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

Shares:

<u>Spread of holdings</u>	<u>Holders</u>	<u>Securities</u>	<u>issued capital</u>
1-1,000	73	19,166	.00 %
1,001-5,000	123	415,325	.10 %
5,001-10,000	202	1,770,441	.44 %
10,001-100,000	809	37,207,403	9.18 %
100,001-	530	365,785,011	90.27 %
	1737	405,197,346	100.00 %

Options Expiring 30/06/2016 @ \$0.09:

<u>Spread of holdings</u>	<u>Holders</u>	<u>Securities</u>	<u>issued capital</u>
1-1,000			.00 %
1,001-5,000	1	4,000	.01 %
5,001-10,000	1	8,207	.02 %
10,001-100,000	69	4,257,699	9.66 %
100,001-	52	39,797,896	90.31 %
	123	44,067,802	100.00 %

+ 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 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)		

Quotation agreement

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

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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:
Print name:

Graeme Boden
Company Secretary

Date: 16th May 2011

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