

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.

Name of entity

CYTOPIA LTD ("Cytopia")

ABN

41 079 253 606

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 over unissued ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 50,000 "Series K" Cytopia Ltd Employee Option Plan ("CLEOP") Options over unissued ordinary shares ("Series K CLEOP Options") |
| 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) | Series K CLEOP Options have an exercise price of \$0.495 and expiry date of 31 July 2010. Each Series K CLEOP Option on exercise entitles the option holder to one fully paid share.

Attachment 1 details the CLEOP Options subsequent to the exercise of the abovementioned options. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<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>The Series K CLEOP Options are issued in accordance with the rules of the CLEOP.</p> <p>Ordinary shares in Cytopia issued pursuant to the valid exercise of the Series K CLEOP Options will rank equally with existing quoted ordinary shares of Cytopia from the date of allotment.</p>				
<p>5 Issue price or consideration</p>	<p>Series K CLEOP Options have been issued for no consideration.</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>It is proposed that funds raised from the issue of ordinary shares in Cytopia pursuant to the valid exercise of the Series K CLEOP Options will be used as part of the general working capital requirements of Cytopia.</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>5 September 2005</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="711 1325 992 1388">Number</th> <th data-bbox="992 1325 1266 1388">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="711 1388 992 1598">73,611,430</td> <td data-bbox="992 1388 1266 1598">Ordinary Shares</td> </tr> </tbody> </table>	Number	+Class	73,611,430	Ordinary Shares
Number	+Class				
73,611,430	Ordinary Shares				

+ See chapter 19 for defined terms.

	Number	*Class										
9	Number and *class of all *securities not quoted on ASX (including the securities in clause 2 if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; text-align: center;">1,555,000</td> <td>Cytopia Ltd Directors' and Executives Option Plan Options over unissued ordinary shares; expiry various dates; exercise price \$1.75</td> </tr> <tr> <td style="text-align: center;">16,049,673</td> <td>Rights Issue Options over unissued ordinary shares; expiring 19 Novemebr 2007; exercise price \$1.00</td> </tr> <tr> <td style="text-align: center;">6,408,606</td> <td>Underwriting Options over unissued ordinary shares; expiring 19 November 2007; exercise price \$1.00</td> </tr> <tr> <td style="text-align: center;">2,000,000</td> <td>Chair Options over unissued ordinary shares; expiring 22 November 2009; exercise price \$0.55</td> </tr> <tr> <td style="text-align: center;">3,225,334</td> <td>Cytopia Limited Employee Option Plan options over unissued ordinary shares; expiring various dates; various exercise prices.</td> </tr> </table>	1,555,000	Cytopia Ltd Directors' and Executives Option Plan Options over unissued ordinary shares; expiry various dates; exercise price \$1.75	16,049,673	Rights Issue Options over unissued ordinary shares; expiring 19 Novemebr 2007; exercise price \$1.00	6,408,606	Underwriting Options over unissued ordinary shares; expiring 19 November 2007; exercise price \$1.00	2,000,000	Chair Options over unissued ordinary shares; expiring 22 November 2009; exercise price \$0.55	3,225,334	Cytopia Limited Employee Option Plan options over unissued ordinary shares; expiring various dates; various exercise prices.
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3,225,334	Cytopia Limited Employee Option Plan options over unissued ordinary shares; expiring various dates; various exercise prices.											

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	<p>The ordinary shares in Cytopia issued pursuant to the valid exercise of the Series K CLEOP Options will rank equally in all respects (including dividend and bonus issues) with all existing shares in the capital of Cytopia from the date of issue. Cytopia has not declared or paid dividends. The Cytopia board is not able to indicate when and if dividends will be paid in the future, as payment of any dividend will depend on the future profitability, financial position and cash requirements of Cytopia.</p>
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Part 2 - Bonus issue or pro rata issue

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

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| 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

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |

+ See chapter 19 for defined terms.

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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? | |

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Appendix 3B
New issue announcement

- 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	Nil				
39	Class of *securities for which quotation is sought	N/A				
40	<p>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 	N/A				
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	N/A				
42	Number and *class of all *securities quoted on ASX (including the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">*Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">73,611,430</td> <td style="text-align: left;">Ordinary Shares</td> </tr> </tbody> </table>	Number	*Class	73,611,430	Ordinary Shares
Number	*Class					
73,611,430	Ordinary Shares					

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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.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided 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.

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- 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.

ANDREW MACDONALD – COMPANY SECRETARY

5 September 2005

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Appendix 3B
New issue announcement

Appendix 3B New Issue Announcement

ATTACHMENT 1

Type of CLEOP	Number of CLEOP		
New Option	New Options	Exercise Price	Expiry Date
C	395,554	\$1.508	31 March 2006
D	305,777	\$1.125	31 March 2007
E	44,444	\$1.125	31 December 2007
F	294,002	\$1.125	31 March 2008
G	355,557	\$1.125	31 March 2009
H	700,000	\$0.607	20 December 2009
I	110,000	\$0.55	27 February 2010
J	220,000	\$0.635	12 Jan 2010
K	800,000	\$0.495	31 July 2010
TOTAL	3,225,334		

Each type of CLEOP New Option is exercisable on or before the above expiry dates by giving written notice and payment to Cytopia's share registry.

+ See chapter 19 for defined terms.