



## RETAIL OFFER DOCUMENT

Offer in relation to a fully underwritten non renounceable Retail Entitlement Offer of 1 New Share for every 3.45 Existing Shares at \$0.61 to raise approximately \$45 million.

The Retail Entitlement Offer opens on 18 February 2015 and closes at 5pm (Melbourne time) on 4 March 2015 (unless extended)

This Retail Offer Document is an important document and requires your immediate attention. It should be read in its entirety and before you decide whether to participate in the Retail Entitlement Offer. If you have any questions about any part of the Retail Offer Document you should consult your professional adviser.

This document is dated 18 February 2015

This document may not be distributed in any country outside Australia or New Zealand.

**MAYNE PHARMA GROUP LIMITED**  
ACN 115 832 963

# Mayne Pharma Group Limited

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Retail Offer Document in relation to an underwritten pro-rata non-renounceable Retail Entitlement Offer

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<b>Important information</b>	<b>3</b>
<b>Key dates</b>	<b>4</b>
<b>Chairman's letter</b>	<b>5</b>
<b>Entitlement Offer overview</b>	<b>7</b>
1. Details of the Entitlement Offer	7
2. Required Actions	11
<b>ASX Announcements and Investor Presentation</b>	<b>17</b>
<b>Additional information</b>	<b>43</b>
3. Capital structure	43
4. Risk factors	44
5. Eligible Retail Shareholders	44
6. Not investment advice or financial product advice	45
7. Foreign jurisdictions	46
8. Taxation	47
9. Underwriting	49
10. Financial data	50
11. Information availability	50
12. Forward-looking statements and future performance	50
13. Past performance	50
<b>Glossary</b>	<b>51</b>
<b>Corporate Directory</b>	<b>53</b>

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## Important information

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The information in this Retail Offer Document is not a prospectus, product disclosure statement, disclosure document or other offering document under the Corporations Act (or any other law) and has not been lodged with ASIC.

This Retail Offer Document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any U.S. Persons. Neither the Entitlements nor the New Shares have been, or will be, registered under the Securities Act or any securities laws of any state or other jurisdiction of the United States and may not be offered, sold or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

This Retail Offer Document may contain certain *forward-looking statements*. The words *anticipate, believe, expect, project, forecast, estimate, likely, intend, should, could, may, target, plan, consider, foresee, aim, will* and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company. These factors may include changes in consumer demand for the Company's products, damage to brands and associated consumer images under which the Company's products are sold, fluctuations in the value of the Australian dollar, damage to the Company's relationships with its customers, suppliers and service providers, a breach by the Company of its debt covenants, increased competition, loss of key personnel, litigation and disputes, counterparty and credit risk, acquisitions and new business, change in operations, interest rate risk, market price fluctuations, general economic conditions, taxation, regulatory issues and changes in law and accounting policies. There can be no assurance that actual outcomes will not differ materially from these statements.

This Retail Offer Document is not financial product or investment advice nor a recommendation to acquire New Shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

The Company is not licensed to provide financial product advice in respect of New Shares.

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Company, including possible loss of income and principal invested. The Company does not guarantee any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular tax treatment. In considering an investment in New Shares, investors should have regard to (among other things) the risks and disclaimers outlined in this Retail Offer Document.

## Key dates

This Retail Offer Document is dated 18 February 2015.

The following are key indicative dates relating to the Entitlement Offer.

Activity	Date
Announcement of the equity raising	10 February 2015
Institutional Entitlement Offer and Placement opens	10 February 2015
Institutional Entitlement Offer bookbuild and Placement bookbuild closes	11 February 2015
Shares recommence trading	12 February 2015
Retail Entitlement Offer Record Date	7pm Melbourne time 13 February 2015
Retail Entitlement Offer opens	18 February 2015
Retail Offer Document and Application and Entitlement Forms dispatched to Eligible Retail Shareholders	18 February 2015
Settlement of Shares issued under the Institutional Entitlement Offer and Placement	19 February 2015
Allotment and commencement of trading of Shares issued under the Institutional Entitlement Offer and Placement	20 February 2015
Retail Entitlement Offer closes	5pm Melbourne time 4 March 2015
Settlement of Retail Entitlement Offer	10 March 2015
Allotment of New Shares issued under Retail Entitlement Offer	11 March 2015
Commencement of normal trading of New Shares issued under Retail Entitlement Offer	12 March 2015

These dates are indicative only and are subject to change. The Company reserves the right to amend this indicative timetable at any time in agreement with the Underwriters and in particular, subject to the Corporations Act and ASX Listing Rules, to extend the latest date for receipt of Application and Entitlement Forms, to accept late Application and Entitlement Forms either generally or in particular cases, or to cancel the Entitlement Offer without prior notice.

# Chairman's letter

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18 February 2015

## Dear Shareholder

On behalf of the Directors of Mayne Pharma Group Limited ACN 115 832 963 (**Mayne Pharma or Company**), I am pleased to inform you of the agreement we have signed to acquire the Doryx® brand and related assets including the US marketing rights from an Actavis Plc subsidiary (**Actavis**) for US\$50 million with the transaction expected to close on or around 26 February 2015.

In addition, the Company has entered into agreements to secure ownership and control of two key existing generic products, namely the Butalbital/APAP/Caffeine (**BAC**) capsule abbreviated new drug application (**ANDA**) and the Methamphetamine tablet ANDA for a total consideration of up to US\$15.7 million.

The Company believes the Doryx® acquisition will enable the US pharmaceutical business to transform from a leading developer and marketer of niche generic products into an integrated pharmaceutical business with exciting growth platforms in generic and branded products.

Mayne Pharma will now control the manufacture, distribution and sales and marketing of the Doryx® product in the US. The Doryx® product is well known to the Company and our shareholders as different formulations of the product have been developed and manufactured in our facilities over the past 30 years.

The key benefits of these acquisitions include:

- acquiring the Doryx® assets will accelerate the establishment of a US specialty brands division and enable the Company to control and maximise the contribution of the Doryx® franchise and further diversify our sources of revenue and margin;
- acquiring the US generic products will enable the Company to secure full control over the distribution and manufacturing activities of these two important product franchises and optimise long term value; and
- financially attractive deal terms:
  - implied Doryx® acquisition multiples of 0.8x Actavis' Net sales for the twelve months ended 31 December 2014;
  - estimated combined monthly EBITDA contribution (including the Doryx® manufacturing margin) of US\$3m on average from July 2015; and
  - combined acquisitions expected to be immediately and materially EPS accretive.

These acquisitions will be funded through an underwritten pro-rata accelerated non-renounceable entitlement offer of New Shares which I invite you to participate in, supplemented by an approximately \$11.7 million placement offered to certain sophisticated and institutional investors.

Further details regarding the acquisitions are set out in the investor presentation released to the market on 10 February 2015 and included in this Retail Offer Document.

This Retail Offer Document relates to the Retail Entitlement Offer. As announced to the ASX on 12 February 2015, the Company has successfully completed the institutional component of the Entitlement Offer (**Institutional Entitlement Offer**) and an institutional placement (**Placement**). The Institutional Entitlement Offer raised approximately A\$60.1 million and the Placement raised approximately A\$11.7 million, a total of approximately A\$71.8 million. Under the retail component of the Entitlement Offer,

(**Retail Entitlement Offer**), Eligible Retail Shareholders may apply for up to 1 New Share for every 3.45 Existing Shares held on the Record Date of 7pm (Melbourne time) on 13 February 2015. New Shares issued under the Retail Entitlement Offer will be offered at the issue price of A\$0.61 per New Share, representing a 12.9% discount to the closing price of the Shares on ASX on 9 February 2015, which was the last day Shares traded on the ASX before the announcement of the Entitlement Offer, and a 10.2% discount to the theoretical ex-rights price.<sup>1</sup>

You may also apply for Additional New Shares in excess of your Entitlement under the top up offer (**Top Up Offer**) (refer to Section 1.3 of this Retail Offer Document).

The Retail Entitlement Offer will raise approximately A\$45 million. New Shares issued under the Retail Entitlement Offer will rank equally with Existing Shares.

The closing date for the receipt of Application and Entitlement Forms and Application Monies for the Retail Entitlement Offer is 5pm (Melbourne time) on 4 March 2015. If you decide to take this opportunity to increase your investment in the Company please ensure that, before this time, your completed Application and Entitlement Form and your Application Monies are received by the Share Registry, Computershare Investor Services Pty Limited, or you have paid your Application Monies via BPAY® in accordance with the instructions set out in the enclosed Application and Entitlement Form and *Required Actions* section of this Retail Offer Document.

If you do not wish to take up any of your Entitlement, you do not have to take any action.

For further information, I urge you to read the Investor Presentation which is included in this Retail Offer Document and also contains a summary of some of the key risks associated with an investment in the Company.

Further details on the Retail Entitlement Offer are also set out in this Retail Offer Document, which you should read carefully and in its entirety. Additionally, you can call the Share Registry on 1300 850 505 (within Australia) and +61 3 9415 4000 (outside Australia) between 8.30am and 5.00pm (Melbourne time) Monday to Friday.

As you know, my fellow Board members and I are significant shareholders in Mayne Pharma. We will all be participating in the Entitlement Offer.

On behalf of the Board, I thank you for your continued support as a Shareholder and I commend the Retail Entitlement Offer to you.

Yours sincerely



Roger Corbett, AO, Chairman

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<sup>1</sup> The theoretical ex-rights price (**TERP**) is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer and includes the impact of shares issued under the Placement. The TERP is a theoretical calculation only and the actual price at which Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP.

# Entitlement Offer overview

## 1. Details of the Entitlement Offer

### 1.1 The Entitlement Offer

The Company is conducting an underwritten 1 for 3.45 pro-rata accelerated non-renounceable entitlement offer to Shareholders as at the Record Date in Australia or New Zealand at the issue price of A\$0.61 per New Share.

#### *Institutional Entitlement Offer*

On 12 February 2015, the Company announced that it had successfully completed the Institutional Entitlement Offer, raising approximately A\$60.1 million. Settlement of the Institutional Entitlement Offer is expected to occur on 19 February 2015. Shares to be issued under the Institutional Entitlement Offer are expected to be allotted and commence trading on 20 February 2015.

#### *Retail Entitlement Offer*

Each Eligible Retail Shareholder is entitled to subscribe for 1 New Share for every 3.45 Existing Shares held on the Record Date. The Retail Entitlement Offer is non-renounceable. This means that Shareholders who do not take up their Entitlements by 5pm (Melbourne time) on the Closing Date of 4 March 2015, will not receive any payment or value for those Entitlements, and their proportionate equity interest in the Company will be diluted.

The number of New Shares to which you are entitled is shown on the accompanying Application and Entitlement Form. If you have more than one registered holding of shares, you will be sent more than one personalised Application and Entitlement Form and you will have separate Entitlements for each separate holding.

Fractional entitlements to New Shares have been rounded down to the nearest whole number of New Shares.

New Shares issued pursuant to the Retail Entitlement Offer will be fully paid and rank equally with existing Shares on issue, including in respect of entitlement to dividends. If you take no action you will not be allocated any New Shares and your Entitlement will lapse.

To qualify for the Retail Entitlement Offer, a Shareholder must:

- (a) be registered as a Shareholder at 7pm (Melbourne time) on the Record Date;
- (b) have an address in Australia or New Zealand as recorded on the Company's share register as at the Record Date;
- (c) not have received an offer (other than as nominee) under the Institutional Entitlement Offer;
- (d) not be in the United States and must not be a U.S. Person and not be acting for the account or benefit of a person located in the United States or a U.S. Person; and
- (e) be eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus, disclosure document, or any lodgement, filing, registration or qualification,

**(Eligible Retail Shareholder).**

## 1.2 Purpose of the Entitlement Offer

The proceeds of the Entitlement Offer will be used to fund:

- acquisition of the Doryx® assets from Actavis (trademark, marketing materials, select product inventory and related medical and technical data);
- start up costs for US Specialty Brands Division;
- acquisition of two US generic products (Butalbital/APAP/Caffeine capsule abbreviated new drug application (ANDA) and full ownership of the Methamphetamine tablet ANDA);
- incremental working capital and general corporate purposes, including accelerating the development, registration and marketing of the Company's existing product pipeline and further potential product acquisitions; and
- transaction costs.

Further details regarding the use of funds are set out in the Investor Presentation.

## 1.3 Top Up Offer

Eligible Retail Shareholders are also able to participate in a further discretionary offer of Additional New Shares, being the New Shares that have been initially offered to Eligible Retail Shareholders under the Retail Entitlement Offer and have not been taken up by them. New Shares which might otherwise have been offered to persons outside Australia and New Zealand are not included in the Top Up Offer. In addition:

- (a) the Top Up Offer is only made to Eligible Retail Shareholders who have fully taken up their Entitlements;
- (b) The Top-Up Offer is capped at a maximum of 50% of the Eligible Retail Shareholder's Entitlement;
- (c) there is no guarantee that any application in the Top Up Offer will be successful and the Directors reserve the right to issue any shortfall by way of the Top Up Offer or by other means and reserve the right to satisfy applications in the Top Up Offer at their sole and complete discretion;
- (d) the Top Up Offer has the same Closing Date;
- (e) the issue price of Additional New Shares under the Top Up Offer is A\$0.61 per Additional New Share; and
- (f) the Company will not issue Additional New Shares under the Top Up Offer where to do so would result in a breach of its constitution, the Corporations Act or the ASX Listing Rules.

## 1.4 Underwriting

The Entitlement Offer is underwritten by Credit Suisse (Australia Limited) and UBS AG, Australia Branch. Please refer to Section 9 of this Retail Offer Document for further details.

It is important to note that the Underwriters will be acting for and providing services to the Company in relation to the Entitlement Offer and will not be acting for or providing services to Shareholders. The Underwriters have been engaged solely as independent contractors and are acting solely in a contractual relationship on an arm's length basis with the Company. The engagement of the Underwriters by the Company is not intended to create any agency or other relationship between the Underwriters and Shareholders.



## 1.5 Issue of New Shares

New Shares under the Retail Entitlement Offer are expected to be issued on or around 11 March 2015 (subject to variation at the discretion of the Company). Fractional entitlements to New Shares will be rounded down to the nearest whole number of New Shares.

The Company reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders, if their claims prove to be overstated or otherwise incorrect or if they fail to provide information to substantiate their claims.

## 1.6 ASX quotation

The Company has applied for official quotation of New Shares issued under this Retail Offer Document. If permission for quotation is not granted by ASX, the New Shares will not be issued and Application Monies will be refunded (without interest) as soon as practicable.

## 1.7 Application Monies

Until New Shares are issued, the Company will hold the Application Monies on trust in a bank account(s) in Australia. The account(s) will be established and kept solely for the purpose of depositing Application Monies and retaining those funds for as long as required under the Corporations Act.

Any interest accrued on Application Monies will not be paid to the relevant Eligible Retail Shareholder, including if the Retail Entitlement Offer is cancelled or withdrawn.

## 1.8 Market prices for Shares on ASX

The lowest and highest market prices of Shares on ASX during the 3 months immediately preceding the announcement of the Entitlement Offer on 10 February 2015 were A\$0.59 and A\$0.785 respectively.

The issue price of A\$0.61 per New Share represents a 12.9% discount to the closing price of the Company's Shares on ASX on 9 February 2015, which was the last day Shares traded on the ASX before the announcement of the Entitlement Offer, and a 10.2% discount to TERP, the theoretical ex-rights price.

## 1.9 Foreign Shareholders

The New Shares being offered under this Retail Offer Document are being offered to Shareholders with registered addresses in Australia or New Zealand.

The Retail Entitlement Offer will not be offered to Non Eligible Foreign Shareholders. The Company has determined that it is not economically viable for it to make offers to Non Eligible Foreign Shareholders due to the cost of meeting compliance requirements with securities laws in each applicable jurisdiction in which Non Eligible Foreign Shareholders reside. The Company reserves the right in its absolute discretion to offer the Retail Entitlement Offer to a Shareholder with an address in the Company's share register outside Australia or New Zealand if the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable.

This Retail Offer Document does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register the New Shares or otherwise permit an offering of New Shares in any jurisdiction outside of Australia or New Zealand.

The distribution of this Retail Offer Document outside Australia or New Zealand may be restricted by law. If you come into possession of this Retail Offer Document, you should observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

### **1.10 Nominees and custodians**

Due to legal restrictions, nominees and custodians may not send copies of this Retail Offer Document or any material relating to the Retail Entitlement Offer or accept the Retail Entitlement Offer in relation to any person in the United States, any person that is, or is acting for the account or benefit of, a U.S. Person, or to any person in any other jurisdiction outside Australia or New Zealand except to beneficial shareholders who are institutional or professional investors in certain foreign countries to the extent contemplated in the Investor Presentation under the section titled "International Offer Restrictions" or as the Company may otherwise permit on compliance with applicable law.

### **1.11 Taxation implications**

Shareholders should be aware that there may be taxation implications of participating in the Retail Entitlement Offer and subscribing for New Shares. The taxation consequences of participating in the Retail Entitlement Offer and/or acquiring New Shares may vary depending on the individual circumstances of each Shareholder.

Please refer to Section 8 of this Retail Offer Document for a general discussion of the Australian tax consequences of the Retail Entitlement Offer for Eligible Retail Shareholders resident in Australia and who hold their Shares as capital assets.

Shareholders should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

### **1.12 Risks**

There are a number of risks associated with an investment in the Company which may affect its financial performance, financial position, cash flows, distributions, growth prospects and Share price. The key risk factors are set out in the *Key risks* section of the Investor Presentation included in this Retail Offer Document.

### **1.13 Regular reporting and disclosure**

The Company is a disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the market. In particular, the Company has an obligation (subject to certain limited exceptions) to notify ASX once it is, or becomes, aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities. All announcements made by the Company are available from the Company's website [www.maynepharma.com](http://www.maynepharma.com) or ASX's website [www.asx.com.au](http://www.asx.com.au).

Additionally, the Company is also required to prepare and lodge with ASIC yearly and half yearly financial statements accompanied by a directors' statement and report, and an audit or review report. These reports are released to ASX and published on the Company and ASX websites.

### 1.14 Rights and liabilities attaching to New Shares

New Shares issued under this Retail Offer Document will be fully paid ordinary shares in the capital of the Company and will rank equally with all Existing Shares, including for any dividend paid after the date of issue of the New Shares.

The rights and liabilities attaching to Shares are set out in the Company's constitution and are regulated by the Corporations Act, the general law, the ASX Listing Rules and the ASX Settlement Rules. The constitution may only be varied by a special resolution passed by at least 75% of Shareholders present (and entitled to vote).

### 1.15 Disclaimer

No person is authorised to give any information or make any representation in connection with the Retail Entitlement Offer described in this Retail Offer Document, which is not contained in this Retail Offer Document. Any information or representation not contained in this Retail Offer Document may not be relied on as having been authorised by the Company in connection with the Retail Entitlement Offer.

### 1.16 Financial amounts

Money as expressed in this Retail Offer Document is in Australian dollars unless otherwise indicated. Any discrepancies between totals in tables and sums of components in tables in this Retail Offer Document and between those figures and figures referred to in other parts of this document may be due to rounding.

### 1.17 Privacy

Chapter 2C of the Corporations Act requires information about you as a Shareholder (including your name, address and details of your Shares) to be included in the public register of the Company. Information is collected to administer your Shares. Your personal information may be disclosed to the Company. You can obtain access to your personal information by contacting the Share Registry at the address or telephone number listed in the corporate directory. The Share Registry's privacy policy is available on its website [www.computershare.com.au](http://www.computershare.com.au).

### 1.18 Broker Handling Fee

A handling fee of 1.5% of the application amount (plus GST) of New Shares (subject to a maximum handling fee of \$500 (**Broker Handling Fee**) under the Entitlement Offer will be paid to stockbrokers (being those entities being recognised as full service brokers or non-advisory brokers by ASX) who submit a valid claim for a Broker Handling Fee on successful Applications.

### 1.19 Governing Law

This Retail Offer Document, the Retail Entitlement Offer and the contracts formed on acceptance of the Application and Entitlement Forms are governed by the laws applicable in Victoria, Australia. Each applicant for New Shares and any Additional New Shares submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

## 2. Required Actions

### 2.1 Eligible Retail Shareholders – Australia and New Zealand

If you are an Eligible Retail Shareholder you may either:

- take up all or part of your Entitlement in accordance with this Retail Offer Document;

- take up all of your Entitlement and also apply for the Top Up Offer; or
- decline to exercise some or all of your Entitlement.

If you are an Eligible Retail Shareholder and wish to take up all or part of your Entitlement:

- (a) read this Retail Offer Document in full;
- (b) consider the risks associated with the Entitlement Offer, as summarised in the *Key risks* section of the Investor Presentation included in this Retail Offer Document, in light of your personal circumstances;
- (c) decide whether to participate in the Retail Entitlement Offer; and
- (d) make payment and apply for New Shares by either:

#### **Mail**

Complete the Application and Entitlement Form accompanying this Retail Offer Document in accordance with the instructions set out on the form. If you have not received an Application and Entitlement Form please call the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000); and

return the completed Application and Entitlement Form together with payment in accordance with Section 2.2 of this Retail Offer Document, using the enclosed envelope or to the following address so that it is received by no later than 5pm (Melbourne time) on 4 March 2015 (or such other date as may be determined by the Company): *Australia & New Zealand* – By mail – postal delivery

Delivery address:       Computershare Investor Services Pty Limited  
                                  GPO Box 505  
                                  Melbourne, VICTORIA 3001

Completed Application and Entitlement Forms and Application Monies will not be accepted at the Company's registered office.

or,

#### **BPAY®**

Make payment via BPAY® in accordance with the instructions in this Retail Offer Document on the Application and Entitlement Form.

If you pay by BPAY® you do not need to lodge the Application and Entitlement Form.

A reply paid envelope is enclosed for your convenience. If mailed in Australia, no postage stamp is required. If mailed from New Zealand, correct postage must be affixed. Eligible Retail Shareholders in New Zealand should ensure that their Application and Entitlement Form and Application Monies are mailed early to ensure they arrive at the postal address specified above by 5pm (Melbourne time) on 4 March 2015 (or such other date as may be determined by the Company).

## **2.2 Payment**

The issue price of A\$0.61 per New Share is payable on exercise of your Entitlement. For all Australian and New Zealand Eligible Retail Shareholders payments must be received by 5pm (Melbourne time) on 4 March 2015 (or such other date as may be determined by the Company).

Shareholders should be aware of the time required to process payments by cheque, electronic funds transfer and BPAY® in choosing the appropriate application and payment method.

Payment will only be accepted in Australian currency and must be:

- by cheque, money order or bank draft drawn on an Australian financial institution, made payable to **Mayne Pharma Group – Retail Offer** and crossed **Not Negotiable**; or
- through the BPAY® facility according to the instructions set out on the Application and Entitlement Form.

Cash will not be accepted. Receipts for payment will not be issued. If you provide insufficient funds to meet the Application Monies due to take up all or part of your Entitlement, you may be taken by the Company to have applied for such lower number of New Shares as your cleared Application Monies will pay, or your Application may be rejected.

Any Excess Amount may be treated as an application to apply for Additional New Shares under the Top Up Offer to the value of your Excess Amount. Your application for the Additional New Shares may not be successful (wholly or partially). Any surplus Application Monies received for more than your final allocation of any Additional New Shares will be refunded (only where the amount is A\$5.00 or greater). You are not entitled to any interest that accrues on any Application Monies received or returned (wholly or partially).

#### *Eligible Retail Shareholders may pay through BPAY®*

Australian Eligible Retail Shareholders and New Zealand Eligible Retail Shareholders with an Australian bank account may pay through BPAY®. Payment by BPAY® should be made in accordance with the instructions set out in the Application and Entitlement Form using the reference number shown on that form and must be received by no later than 5pm (Melbourne time) on 4 March 2015 (or such other date as may be determined by the Company). Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment. Applicants should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY® are received by this time.

The reference number is used to identify your holding. If you have multiple holdings you will also have multiple reference numbers. You must use the reference number shown on each Application and Entitlement Form to pay for each holding separately. If you pay by BPAY® and do not pay for your full Entitlement, your remaining Entitlements will lapse.

If you make your payment by BPAY® you do not need to lodge the Application and Entitlement Form.

Your completed Application and Entitlement Form or BPAY® acceptance, once received by the Share Registry, cannot be withdrawn.

### **2.3 Applying for additional shares under Top Up Offer**

If you have applied for your full Entitlement, you may wish to apply for more Shares than the number shown on your Application and Entitlement Form under the Top Up Offer. To do this, complete the *Additional New Shares* section provided on the Application and Entitlement Form.

If you are applying by BPAY® and wish to apply for Additional New Shares under the Top Up Offer, make a payment for more than your Entitlement. The excess amount will be taken to be an application for Additional New Shares under the Top Up Offer.

Applications for Additional New Shares under the Top Up Offer may be considered if and to the extent that not all Shareholders take up their full Entitlement. Applications for Additional New Shares under the Top Up Offer will be capped at 50% of an Eligible Retail Shareholder's Entitlement and will be issued to Eligible Retail Shareholders at the sole and complete discretion of the Directors. There is no guarantee that any applications under the Top Up Offer will be successful.

## 2.4 Declining all or part of your Entitlement

If you decide not to take up all or part of your Entitlement, the Entitlement which is unexercised will lapse and may be taken up by other Eligible Retail Shareholders under the Top Up Offer or the Underwriters (or by persons they nominate). Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and cannot be traded on the ASX nor any other financial markets, nor can it be privately transferred. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

If you decide not to participate in the Retail Entitlement Offer, you do not need to fill out or return the accompanying Application and Entitlement Form. Although you will continue to own the same number of Shares, your percentage shareholding in the Company will be diluted.

## 2.5 Non Eligible Foreign Shareholders

If you are a Non Eligible Foreign Shareholder, you may not take up any of, or do anything in relation to, your Entitlement under the Retail Entitlement Offer.

## 2.6 Warranties made on acceptance of Retail Entitlement Offer

By completing and returning your personalised Application and Entitlement Form or making a payment by BPAY®, you will be deemed to have acknowledged, represented and warranted that you, and each person on whose account you are acting, are an Eligible Retail Shareholder or otherwise eligible to participate.

By completing and returning your personalised Application and Entitlement Form or making a payment by BPAY®, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you and each person on whose account you are acting are not in the United States or a U.S. Person, or acting for the account or benefit of a U.S. Person, and are not otherwise a person to whom it would be illegal to make an offer of or issue of New Shares and any Additional New Shares under the Retail Entitlement Offer and under any applicable laws and regulations;
- (b) the Entitlements and the New Shares and any Additional New Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand and, accordingly, the New Shares and any Additional New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws;
- (c) you and each person on whose account you are acting have not and will not send any materials relating to the Retail Entitlement Offer to any person in the United States, or that is, or is acting for the account or benefit, of a U.S. Person;
- (d) you acknowledge that you have read and understand this Retail Offer Document and your Application and Entitlement Form in their entirety;
- (e) you agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Document, and the Company's constitution;
- (f) you authorise the Company to register you as the holder(s) of New Shares allotted to you;
- (g) you declare that all details and statements in your Application and Entitlement Form are complete and accurate;
- (h) you declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under your Application and Entitlement Form;

- (i) you acknowledge that once the Company receives your Application and Entitlement Form or any payment of Application Monies via BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- (j) you agree to apply for and be issued up to the number of New Shares specified in the Application and Entitlement Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Issue Price;
- (k) you authorise the Company, the Underwriters, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Application and Entitlement Form;
- (l) you declare that you were the registered holder(s) at the Record Date of the Shares indicated on your Application and Entitlement Form as being held by you on the Record Date;
- (m) you acknowledge that the information contained in this Retail Offer Document and your Application and Entitlement Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (n) you acknowledge that this Retail Offer Document is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (o) you acknowledge the statement of risks in the *Key risks* section of the Company's Investor Presentation included in this Retail Offer Document, and that investments in the Company are subject to risk;
- (p) you acknowledge that none of the Company, the Underwriters, nor their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (q) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Shares on the Record Date;
- (r) you authorise the Company to correct any errors in your Application and Entitlement Form or other form provided by you;
- (s) you represent and warrant (for the benefit of the Company, the Underwriters and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are an Eligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
- (t) you represent and warrant that the law of any place does not prohibit you from being given this Retail Offer Document and your Application and Entitlement Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
- (u) if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in regular way transactions on the ASX or otherwise where neither you nor any person acting on your behalf know, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or is acting for the account or benefit of a person in the United States; and

- (v) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Application and Entitlement Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Offer Booklet, the Application and Entitlement Form or any information relating to the Retail Entitlement Offer to any such person.

## **2.7 Refunds**

Any Application Monies received for more than your final allocation of New Shares and any Additional New Shares will be refunded as soon as practicable after the Closing Date (except where the amount is less than A\$5.00). No interest will be paid to applicants on any Application Monies received or refunded.

## **2.8 Withdrawals**

You cannot, in most circumstances, withdraw your application once it has been accepted. Cooling-off rights do not apply to an investment in New Shares and any Additional New Shares.

## **2.9 Confirmation of your application and managing your holding**

You may access information on your holding, including your Record Date balance and the issue of New Shares and any Additional New Shares from this Retail Entitlement Offer, and manage the standing instructions the Share Registry records on your holding on the Share Registry website, [www.computershare.com.au](http://www.computershare.com.au). To access the Investor Centre section of this website you will need your SRN or HIN and you will need to pass the security challenge on the site.



# ASX Announcements and Investor Presentation



## ASX Announcement

### MAYNE PHARMA ANNOUNCES TRANSFORMATIONAL AND IMMEDIATELY ACCRETIVE ACQUISITIONS OF DORYX® AND US GENERIC PRODUCTS

10 February 2015, Melbourne Australia

- Mayne Pharma has entered into an agreement to acquire the Doryx® brand and related assets from Actavis plc for US\$50 million in the United States with closing expected to occur on or around 26 February 2015
- Establishment of US Specialty Brands Division to be staffed with a field sales team of 66 professionals operational from May 2015 to support the sales and marketing of Doryx®
- New leadership talent on board to drive and grow the US Specialty Brands Division including the former Vice President of Warner Chilcott's US Commercial Operations, Mr Andy McClenaghan
- Mayne Pharma has also entered into agreements to secure 100% ownership and control of two key existing generic products, namely the Butalbital / acetaminophen / caffeine (BAC) capsule ANDA and the methamphetamine tablet ANDA for up to US\$15.7m
- Transactions expected to be immediately and materially EPS accretive
  - Implied Doryx® acquisition multiple of 0.8x Actavis' Net Sales for calendar year 2014
  - Estimated combined monthly EBITDA contribution of US\$3.0m per month on average from July 2015
- Mayne Pharma will fund these acquisitions via a fully underwritten ~A\$115.0 million equity raising comprising:
  - an accelerated non-renounceable entitlement offer ("Entitlement Offer") to raise approximately A\$105.0 million; and
  - an institutional placement ("Placement") to raise approximately A\$10.0 million

#### Acquisition of Doryx® brand from Actavis plc (Actavis)

Today, Mayne Pharma has signed an agreement to acquire the Doryx® brand and related assets in the United States from its distribution partner, Actavis. Under the terms of the agreement, Mayne Pharma will acquire the Doryx® trademark, marketing materials, select product inventory and related medical and technical data.

Consideration for the acquisition is US\$50 million, payable at completion anticipated to be on or around 26 February 2015. Following completion, there will be a transition period of approximately two-months to support the transfer of the business to Mayne Pharma.



## ASX Announcement

During this period, Actavis will continue to package, distribute and actively promote the product.

Doryx<sup>®</sup> is a delayed-release oral tablet formulation of doxycycline hyclate used as an adjunctive therapy for severe acne and as a treatment for certain bacterial infections. Actavis reported Doryx<sup>®</sup> net revenues of US\$60.1 million in the twelve months ending 31 December 2014. Following this acquisition, Mayne Pharma expects the Doryx<sup>®</sup> product to contribute an average of US\$2.7 million EBITDA<sup>1</sup> per month from July 2015.

Doryx<sup>®</sup> competes in the US oral antibiotic acne market. The addressable doxycycline market – representing the use of any doxycycline product by dermatologists in the treatment of acne – is over 2.7 million prescriptions annually. Doryx<sup>®</sup> currently holds a 10% share of the total addressable market including generics<sup>2</sup>.

Mayne Pharma's CEO, Mr Scott Richards said, "The Doryx<sup>®</sup> acquisition transforms the current US business platform into a diversified and integrated pharmaceutical business with exciting growth platforms in generics, contract services and now, specialty brands. Mayne Pharma will now market and distribute the Doryx<sup>®</sup> product in addition to manufacturing it. We know the Doryx<sup>®</sup> product well and have been manufacturing different formulations of the product for the past 30 years. The Company continues to invest in the development of new and effective formulations of Doryx<sup>®</sup> and expects to bring new innovations to market over the coming years."

"We are very attracted to the underlying fundamentals of the dermatology market and the acquisition of the Doryx<sup>®</sup> brand will enable us to accelerate the establishment of a specialty brands division and further diversify our portfolio. We believe acquiring the Doryx<sup>®</sup> brand is the most attractive option for optimising our doxycycline franchise. Furthermore we believe we can reinvigorate the Doryx<sup>®</sup> brand, improve market share and the contribution of this franchise to the Company through renewed leadership focus and on-going patient-centric innovation."

### Expanded leadership team supporting new US Specialty Brands Division

Mayne Pharma has secured a number of world-class industry leaders to drive the growth of the US Specialty Brands Division. Andy McClenaghan, previously leader of Warner Chilcott's US Commercial Operations has joined the team. Whilst at Warner Chilcott, Andy was responsible for US\$2 billion in sales, a 700 member sales team and key brands including Doryx<sup>®</sup> until its acquisition by Actavis in October 2013. Andy has more than 25 years experience in the pharmaceutical industry working across general management, marketing, sales, managed care, operations and regulatory affairs.

Anne Marie Carullo has joined the team as Senior Sales Director, Specialty Brands. Previously, Anne Marie was Sales Director in the Dermatology and Women's Health Care divisions of Warner Chilcott. She has extensive experience in leading diverse sales teams, new product launches, recruitment and talent development and brand management.

Whilst at Warner Chilcott, both Andy and Anne Marie were integral in managing Doryx<sup>®</sup>, including the successful launch of the 200mg dose tablet in mid-2013.

<sup>1</sup> Includes the manufacturing margin that Mayne Pharma earns currently  
<sup>2</sup> As at 2 January 2015. Source: IMS Health



## ASX Announcement

In addition, Tom Cummings has been appointed as Vice President, Commercial Operations. Tom is a strategic marketing professional with over 20 years of pharmaceutical experience across brand development, commercial analytics, business development, sales management and operations. He previously worked at URL Pharma and Johnson & Johnson and has contributed to the success of many brands in the dermatology and pain field.

### US generic products transactions

Mayne Pharma has also entered into agreements to acquire the BAC capsule ANDA and full ownership of the Methamphetamine tablet ANDA for combined consideration of up to US\$15.7m. Methamphetamine tablets are indicated for the treatment of attention deficit disorder and BAC capsules are used to treat tension headaches (migraines).

Both products are currently sold by Mayne Pharma and had legacy profit share arrangements with third parties – which for BAC has been amended and for Methamphetamine has been terminated. The effect of these transactions is to increase the economic benefit that flows to Mayne Pharma giving the Company maximum control over these products and full residual rights to the profits generated.

The markets for these products are attractive with limited generic competition. The Methamphetamine market is valued at US\$9m per annum and the BAC capsule market is valued at US\$4.4m per annum for the dose strength in question. Mayne Pharma's products have the number one share in both markets.

The two transactions are expected to deliver an additional US\$0.3m in earnings per month on average from FY16, representing an implied acquisition multiple of 4.4x EBITDA.

### Equity raising to fund the acquisition

Mayne Pharma will fund these acquisitions via a fully underwritten ~A\$115.0 million equity raising comprising:

- an accelerated non-renounceable entitlement offer ("Entitlement Offer") to raise approximately A\$105.0 million; and
- an institutional placement ("Placement") to raise approximately A\$10.0 million.

The balance of the proceeds of the equity raising will be used to fund the start up costs of the Specialty Brands Division and for incremental working capital and general corporate purposes, including accelerating the development, registration and marketing of Mayne Pharma's existing product pipeline and further potential product acquisitions.

All shares offered under the Entitlement Offer will be offered at a price of A\$0.61 per new share ("Offer Price"), representing a 10.2% discount to the theoretical ex-raising price ("TERP") based on the closing price of Mayne Pharma's shares on 9 February 2015.

The Placement will be conducted via a variable price bookbuild with an underwritten floor price of \$0.64 per new ordinary share. The final issue price will be determined via the bookbuild ("Bookbuild Price").



## ASX Announcement

Mayne Pharma's shares will remain in trading halt until 12 February 2015. Settlement of the Institutional Entitlement Offer and Placement is expected to occur on 19 February 2014 with quotation of the new shares expected on 20 February 2014. Settlement of the Retail Entitlement Offer is expected on 10 March 2015, with quotation of the new shares expected the following day.

All Mayne Pharma Directors have committed to participate in the Entitlement Offer.

Under the Retail Entitlement Offer all eligible Mayne Pharma shareholders are entitled to subscribe for:

- (i) up to their 1-for-3.45 entitlement; and
- (ii) additional new shares through the Top Up Offer, with such over-subscriptions to be satisfied out of shortfall shares, subject to a 50% maximum per entitlement and Board discretion.

The Entitlement Offer and Placement are underwritten by Credit Suisse (Australia) Limited and UBS AG, Australia Branch. Credit Suisse Emerging Companies (Australia) Pty Limited is financial advisor to Mayne Pharma on the acquisition of the Doryx® brand.

Further detail on the Offer is included in Appendix A.

Shareholders are advised to refer to the "Acquisition of Doryx and selected generic product transactions" presentation released to the ASX this morning for further details of the acquisition and the Offer.

**For further information contact:**

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Mark Cansdale	+61 3 8614 7777
Lisa Pendlebury	+61 419 548 434, <a href="mailto:lisa.pendlebury@maynepharma.com">lisa.pendlebury@maynepharma.com</a>



## ASX Announcement

### Appendix A The Entitlement Offer

The ~A\$115m equity raising includes an underwritten 1-for-3.45 pro-rata accelerated non-renounceable entitlement offer to raise approximately A\$105m.

The Offer Price of A\$0.61 per New Share represents a 10.2% discount to the theoretical ex-raising price ("TERP") based on the closing price of Mayne Pharma's shares on 9 February 2015.

Each new share issued under the Offer will rank equally with existing Mayne Pharma shares in all respects.

Eligible shareholders are invited to subscribe for one new Mayne Pharma fully paid ordinary share ("New Shares") for every 3.45 existing Mayne Pharma fully paid ordinary shares held as at 7pm (Melbourne time) on Friday 13 February 2015 ("Record Date"), at an Offer Price of A\$0.61 per New Share.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable on the ASX or be otherwise transferable. Shareholders who do not take up their full entitlement will not receive any payment or value in respect of entitlements they do not take up and their percentage equity interest in Mayne Pharma will be diluted.

The Entitlement Offer comprises an institutional component ("Institutional Entitlement Offer") and a retail component ("Retail Entitlement Offer").

#### Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer. The Institutional Entitlement Offer will open today, 10 February 2015.

Eligible institutional shareholders can choose to take up their entitlement in whole, in part or not at all. In addition, under the Institutional Entitlement Offer, New Shares equal in number to those attributable to entitlements not taken up by eligible institutional shareholders, together with New Shares attributable to entitlements which would otherwise have been offered to institutional shareholders in ineligible jurisdictions will be offered to institutional shareholders through a bookbuild at the Bookbuild Price per New Share.

#### Retail Entitlement Offer

Mayne Pharma retail shareholders registered as a shareholder in Australia or New Zealand on the Record Date ("Eligible Retail Shareholders") will be entitled to participate in the Retail Entitlement Offer on the terms and subject to conditions set out in the booklet to be sent to Eligible Retail Shareholders in relation to the Retail Entitlement Offer ("Retail Offer Document"). The Retail Entitlement Offer will open on Wednesday 18 February 2015 and close at 5.00 pm (Melbourne time) on Wednesday 4 March 2015.

Eligible Retail Shareholders can choose to take up their entitlements in whole, in part or not at all. Eligible Retail Shareholders who take up their entitlement in full can also apply for additional New Shares in excess of their entitlement ("Top Up Offer"). Eligible Retail Shareholders are not assured of being allocated any New Shares in excess of their entitlement under the Top Up Offer. The issue of New Shares in excess of entitlements



## ASX Announcement

under the Top Up Offer is dependent on the availability of renounced shares and a 50% maximum per entitlement. Mayne Pharma retains final discretion regarding allocations under the Top Up Offer to ensure equity for all shareholders.

The Retail Offer Document (including the "Acquisitions of Doryx<sup>®</sup> and selected generic product transactions presentation) is to be lodged with ASX and dispatched to Eligible Retail Shareholders on Wednesday 18 February 2015 and will also be made available on Mayne Pharma's website ([www.maynepharma.com](http://www.maynepharma.com)). Any Eligible Retail Shareholder who wishes to acquire New Shares under the Retail Entitlement Offer should review the Retail Offer Document and will then need to complete, or otherwise apply in accordance with, the personalised application and entitlement form that will be in or will accompany the Retail Offer Document.

Retail shareholders who have questions regarding the Retail Entitlement Offer should read the Retail Offer Document in full and if they require further information, call Computershare Investor Services Pty Limited on 1300 850 505 (local call cost within Australia) or +61 3 9415 4000 (from outside Australia) at any time from 8:30am to 5:00pm (Melbourne time) Monday to Friday during the offer period between Wednesday 18 February and Wednesday 4 March or go to Mayne Pharma's website.

### Summary of Key Dates<sup>3</sup>

Institutional Entitlement Offer opens	10 February 2015
Institutional Entitlement Offer closes and bookbuild for Placement shares and institutional shortfall	11 February 2015
MYX shares recommence trading	12 February 2015
Entitlement Offer Record Date (7pm Melbourne time)	13 February 2015
Retail Offer Document and application and entitlement forms dispatched to Eligible Retail Shareholders	18 February 2015
Retail Entitlement Offer opens	18 February 2015
Settlement of the Institutional Entitlement Offer and Placement	19 February 2015
Allotment and commencement of trading of New Shares issued under the Institutional Entitlement Offer and Placement	20 February 2015
Retail Entitlement Offer closes (5pm Melbourne time)	4 March 2015
Settlement of the Retail Entitlement Offer	10 March 2015
Allotment of New Shares issued under the Retail Entitlement Offer	11 March 2015
Anticipated completion of Doryx <sup>®</sup> acquisition	26 February 2015

<sup>3</sup> These dates are indicative only and subject to change. All times and dates refer to Melbourne, Australia time. Mayne Pharma reserves the right to amend the timetable, including, in consultation with the Joint Underwriters, to extend the closing date for the Retail Entitlement Offer, to withdraw the Entitlement Offer at any time prior to the issue of New Shares and/or to accept late applications either generally or in specific cases.



## ASX Announcement

### About Mayne Pharma

*Mayne Pharma is an ASX-listed specialty pharmaceutical company that develops and manufactures branded and generic product globally - either directly or through distribution partners, while applying its drug delivery expertise for contract development and manufacturing services.*

*Mayne Pharma has a 30-year track record of innovation and success in developing new oral drug delivery systems and these technologies have been successfully commercialised in numerous products that have been marketed around the world.*

*Mayne Pharma has two drug development and manufacturing facilities based in Salisbury, Australia and Greenville, NC, USA with expertise in formulating complex oral dose forms including highly potent compounds, controlled substances, modified release products and inherently unstable compounds.*

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12 February 2015

Manager, Company Announcements  
ASX Limited  
Rialto Towers  
Level 45, 525 Collins Street  
MELBOURNE VIC 3000

Dear Sir / Madam

**MAYNE PHARMA GROUP LIMITED ANNOUNCES SUCCESSFUL COMPLETION OF INSTITUTIONAL ENTITLEMENT OFFER AND PLACEMENT****KEY POINTS**

- **Institutional Entitlement Offer and Placement successfully completed, raising A\$71.8 million.**
- **Very strong support shown by existing shareholders that were accelerated as well as significant interest from new investors.**
- **Retail Entitlement Offer opens on 18 February 2015.**

On 10 February 2015, Mayne Pharma Group Limited (ASX: MYX) (Mayne Pharma) announced an approximately A\$115 million equity raising (the "Offer") to partly fund the acquisition of the Doryx<sup>®</sup> assets from Actavis Plc as well as the purchase of two US generic products (Butalbital/APAP/Caffeine capsule ANDA and full ownership of the Methamphetamine tablet ANDA).

The Offer comprises an underwritten 1 for 3.45 pro-rata accelerated non-renounceable entitlement offer to raise approximately A\$105m (the "Entitlement Offer"), and a placement to institutional and sophisticated investors to raise approximately A\$10m (the "Placement").

Today Mayne Pharma is pleased to announce the successful completion of the institutional component of the Entitlement Offer (the "Institutional Entitlement Offer") and the Placement. Approximately A\$60.1 million was raised under the Institutional Entitlement Offer at an offer price of \$0.61 per share with approximately 99% take-up by eligible institutional shareholders.

The Placement attracted significant demand, raising A\$11.7 million at a price of \$0.75 per share which represents a 17.2% premium to the underwritten floor price of \$0.64 per share and a 7.1% premium to the last closing price of Mayne Pharma on 9 February 2015 of \$0.70 per share.

Mayne Pharma's CEO, Scott Richards, said, "We are very pleased with the support that our existing shareholders and new investors alike have shown for the accelerated tranche of our capital raising, which represents another milestone in Mayne Pharma's strategic development in the US pharmaceutical market. The Board and management team are excited about the opportunities provided by the Doryx<sup>®</sup> acquisition and the show of support we have received"

The new shares to be issued under the Institutional Entitlement Offer and Placement will rank equally with existing Mayne Pharma shares in all respects from the date of their issue. Settlement of these new shares is expected to be completed on 19 February 2015 and these new shares are expected to be issued and commence trading on the ASX on a normal settlement basis on 20 February 2015.



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Level 14, 474 Flinders St, Melbourne Victoria 3000 Australia





You deserve tomorrow.

#### COMMENCEMENT OF THE RETAIL ENTITLEMENT OFFER

The retail component of the Entitlement Offer (the "Retail Entitlement Offer") will open on 18 February 2015 and closes at 5pm (Melbourne time) 4 March 2015. Mayne Pharma retail shareholders registered as a shareholder in Australia or New Zealand as at 7pm (Melbourne time) on 13 February 2015 ("Eligible Retail Shareholders") will have the opportunity to participate at the same offer price of A\$0.61 per new share and at the same offer ratio of 1 new Mayne Pharma ordinary share for every 3.45 existing Mayne Pharma ordinary shares as participants in the Institutional Entitlement Offer.

Further details of the Retail Entitlement Offer were set out in Mayne Pharma's announcement on 10 February 2015 and the terms and conditions will be fully set out in the retail offer document to be dispatched to Eligible Retail Shareholders on 18 February 2015.

Mayne Pharma expects its trading halt to be lifted and Mayne Pharma ordinary shares to recommence trading on an ex-entitlement basis from market open today.

Yours sincerely

A handwritten signature in black ink, appearing to read "M. Cansdale".

Mark Cansdale  
Group CFO & Company Secretary

#### IMPORTANT NOTICES

Further information in relation to the matters described in this announcement including important notices, key risks and assumptions in relation to certain forward looking information in this announcement is set out in an investor presentation released to the ASX on 10 February 2015 by Mayne Pharma. The information in the Important Information and Key Risks sections of that presentation applies to this announcement as if set out in full in this announcement.

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any *U.S. persons* (as defined in Rule 902(k) under the U.S. Securities Act of 1933 (the U.S. Securities Act)) (U.S. Persons). Neither the entitlements nor the new shares have been, and none of them will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. In addition, Mayne Pharma has not been, and will not be, registered under the U.S. Investment Company Act of 1940, as amended (the U.S. Investment Company Act) in reliance on the exception from the definition of *investment company* provided by section 3(c)(7) of the U.S. Investment Company Act. The entitlements in the Retail Entitlement Offer may only be taken up by, and the new shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold to, directly or indirectly, persons that are not in the United States and are not, and are not acting for the account or benefit of any U.S. Persons in offshore transactions (as defined in Regulation S under U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

Neither this announcement nor any other documents relating to the offer of new shares may be sent or distributed to persons in the United States or to any U.S. Person.



# Acquisition of Doryx<sup>®</sup> and selected generic product transactions

Mayne Pharma Group Limited  
10 February 2015

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RELEASE IN THE UNITED STATES**



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## Important Notice and Disclaimer (cont)

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3



## Executive Summary

### Agreement to acquire Doryx® - spearheading Mayne Pharma's US Specialty Brands Division - and restructuring of two existing Mayne Pharma US generic products for a combined consideration of up to US\$65.7m<sup>1</sup>

<b>Acquisition of Doryx®</b>	<p><b>Agreement to acquire assets relating to Doryx® from Actavis plc ("Actavis") for US\$50m<sup>1</sup>, closing on or around 26 Feb 2015</b></p> <ul style="list-style-type: none"> <li>• Doryx® tablets are a delayed-release oral formulation of Doxycycline Hyclate used for adjunctive therapy in the management of severe acne</li> <li>• Mayne Pharma currently manufactures Doryx® and as part of the transaction will take over the brand, distribution, packaging and sales and marketing in the US</li> <li>• Mayne Pharma will establish a US Specialty Brands Division with approximately 80 professionals to support sales and marketing and commercial support functions</li> <li>• Actavis achieved net sales from Doryx® in 2014 of US\$60.1m implying an acquisition multiple of 0.8x net sales</li> <li>• Monthly EBITDA contribution (including product manufacturing margin) is expected to be US\$2.7m on average from July 2015</li> </ul>
<b>Compelling strategic rationale</b>	<ul style="list-style-type: none"> <li>• Immediately and materially EPS accretive</li> <li>• Attractive market fundamentals in US dermatology space</li> <li>• Significant ability to grow Doryx® sales and optimise product through renewed focus, marketing investment and innovation</li> <li>• Mayne Pharma has an intimate knowledge of Doryx® having developed the product and manufactured it for 30 years and having employed new US leadership who successfully managed the brand in the past</li> <li>• Provides the platform for Mayne Pharma to build a US specialty brands franchise through targeted in-licensing / product acquisitions and fully leveraging own development pipeline</li> </ul>
<b>Transactions relating to existing US generic products</b>	<p><b>Agreements to acquire the Butalbital/APAP/Caffeine (BAC) capsule ANDA and full ownership of the Methamphetamine tablet ANDA for a combined purchase price of up to US\$15.7m</b></p> <ul style="list-style-type: none"> <li>• Attractive market dynamics: #1 market position in both product markets</li> <li>• Mayne Pharma currently sells these products: transactions will secure full control of distribution and manufacturing activities to optimise long-term value</li> <li>• Incremental monthly EBITDA contribution is expected to be US\$0.3m per month on average from completion</li> </ul>
<b>Acquisition funding</b>	<ul style="list-style-type: none"> <li>• Acquisitions to be funded through a ~A\$115m equity raising                             <ul style="list-style-type: none"> <li>– ~A\$105m underwritten 1-for-3.45 accelerated non-renounceable entitlement offer</li> <li>– ~A\$10m underwritten unconditional placement to institutional investors</li> </ul> </li> <li>• Acquisitions expected to be significantly EPS accretive on a Pro-Forma FY15 and FY16 basis<sup>2</sup></li> </ul>

1) Acquisition of Doryx® will lead to an additional US\$8m investment relating to start-up costs and associated working capital requirements  
2) Excludes transaction costs; FY15 analysis assumes steady state and twelve month contribution from the transactions for the financial year

4



## Doryx<sup>®</sup> acquisition overview

5



### Acquisition overview

#### Deal summary

- Acquisition of Doryx<sup>®</sup> assets from 26 February 2015 comprising U.S. marketing rights, trademark, marketing materials and medical, clinical and technical data for US\$50m
  - Additional US\$8m in start-up costs and investment in working capital
- Actavis will continue to promote and distribute Doryx<sup>®</sup> on behalf of Mayne Pharma until early May 2015, while supporting an orderly transition of all sales, trade relations and product support activities

#### Mayne's existing Doryx<sup>®</sup> activities

- Mayne Pharma currently generates revenue from the manufacture and wholesale of Doryx<sup>®</sup> to its US marketing and distribution partner (Actavis)
  - Actavis acquired Mayne Pharma's former US marketing and distribution partner (Warner Chilcott) on 1 October 2013

#### Current dynamics relating to Doryx<sup>®</sup> franchise

- Agreement with Actavis due to expire with effect from 31 December 2015
- Doryx<sup>®</sup> brand was owned by Actavis and Mayne Pharma would have had to introduce a new brand to promote the product if the trademark was not acquired

Acquisition will enable Mayne to control distribution and retain valuable brand equity

6

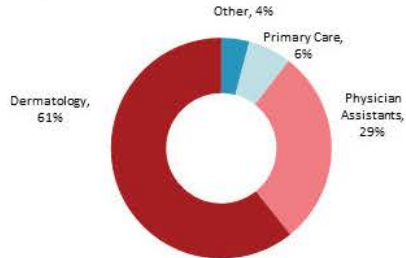


## Doryx® competes in the attractive US acne market

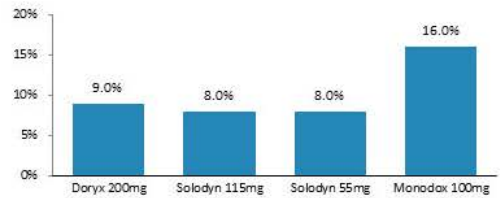
**Doryx® is Doxycycline Hyclate, a delayed-release tablet incorporating Mayne Pharma's drug delivery know-how and is indicated for adjunctive therapy in the management of severe acne**

- Acne is the most prevalent skin disease in the US affecting 45 million people with most seeking initial treatment during puberty and continuing through adolescence
- Prescribed predominantly by Dermatologists / Physician Assistants – accounting for ~90% of prescriptions as a brand
- Addressable Doxycycline acne market comprises over 2.7 million prescriptions (TRx's) annually. Comprises modified-release products such as Doryx®, immediate-release products such as Acticlate™, and their generic equivalents
- Key competitor to Doryx is Aqua Pharma's Acticlate™ (75mg, 150mg Doxycycline IR tablets)<sup>2</sup>. Refocused business from Monodox™ during Q4, 2014
- Participates in the promotionally sensitive and brand loyal dermatology segment
- Branded products in this market, and the adjacent minocycline acne market, benefit from annual price appreciation
- Small prescriber base requires relatively-low levels of sales force investment for effective branded product detailing

Doryx® TRx Volume by Specialty



Key branded acne products show solid price<sup>1</sup> growth yoy (Dec 14 vs Dec 13)

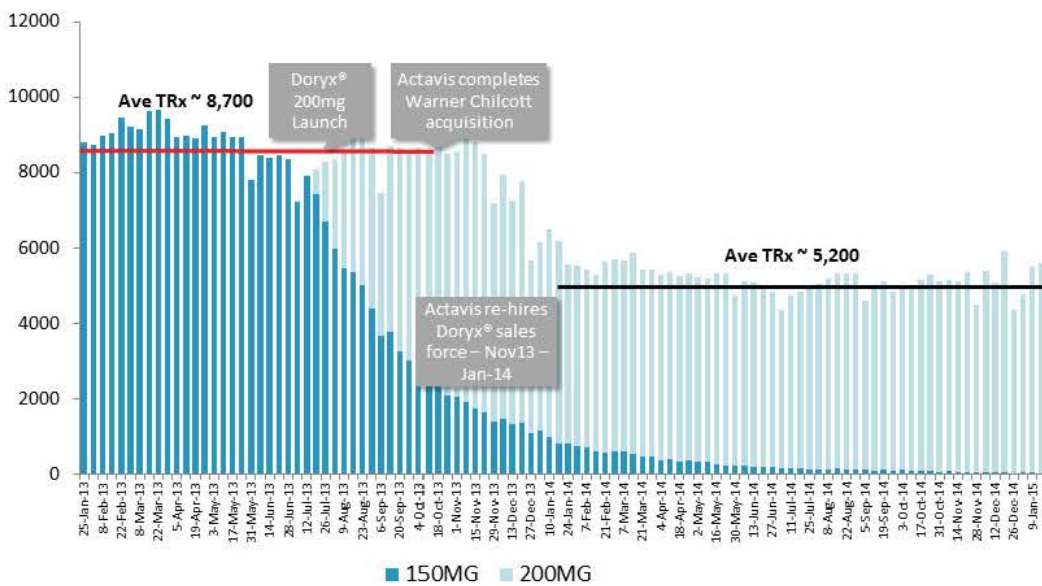


Source: IMS Health  
 1) NSP – net selling price  
 2) Launched in August 2014



## Recent Doryx® performance has showcased sensitivity to sales force and promotional activities

Doryx® weekly prescriptions



Source: IMS Health



## US Specialty Brands Division: building from dermatology



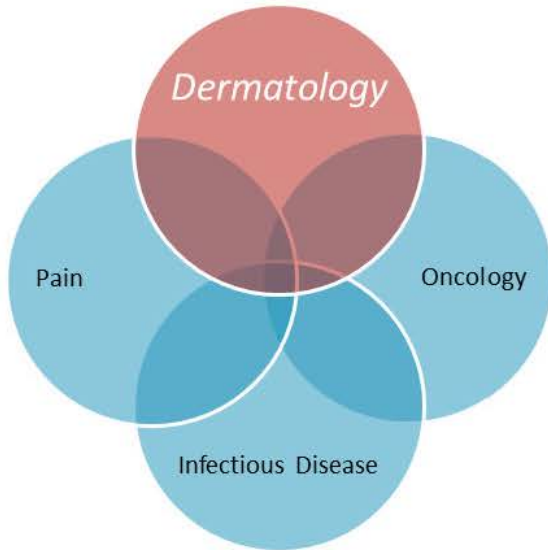
## Introducing Mayne Pharma's US Specialty Brands Division



	US Generic Products	US Specialty Brands	Metrics Contract Services
<b>Description</b>	<i>Develops, manufactures, markets and distributes generic products in the US (principally US-manufactured product)</i>	<i>Responsible for the marketing and distribution of branded pharmaceuticals in the US, primarily Doryx®</i>	<i>Provides contract pharmaceutical development services to third parties globally</i>
<b>Key products / services</b>	<ul style="list-style-type: none"> <li>• Dermatology                             <ul style="list-style-type: none"> <li>– Doxycycline Hyclate, Erythromycin, Nystatin</li> </ul> </li> <li>• Pain                             <ul style="list-style-type: none"> <li>– BAC, Hydrocodone/APAP, Oxycodone, Oxycodone/APAP</li> </ul> </li> <li>• Other                             <ul style="list-style-type: none"> <li>– Methamphetamine, Amiodarone, Bromfenac, Liothyronine</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Dermatology                             <ul style="list-style-type: none"> <li>– Doryx®</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Analytical services</li> <li>• Formulation development</li> <li>• Clinical trial batch manufacture</li> <li>• Potent and cytotoxic services</li> <li>• Commercial contract manufacturing</li> </ul>



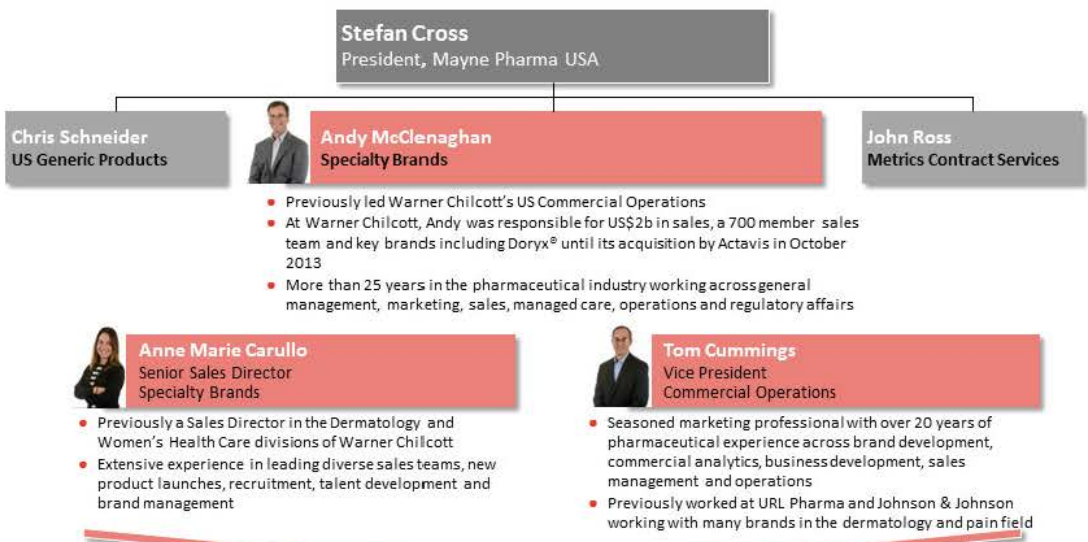
## Specialty Brands Division will initially focus on dermatology and expand therapeutic focus over time



- Mayne Pharma’s therapeutic platforms will be built from products that leverage the Company’s development and manufacturing capabilities
- The commercial infrastructure for Dermatology is scalable to support other products and therapeutic areas
- Mayne Pharma now has an option to maximise value for Lozanoc™ through its own commercial operations
- The established pain brands (Esgic™, Lorcet™ and Zebutal™) can benefit over the mid term by leveraging Mayne Pharma’s specialty brands capabilities
- Partnership with HedgePath Pharmaceuticals is progressing with a clinical trial anticipated to commence 1H 2015. Leverages Mayne Pharma’s SUBA™ Itraconazole in various target cancer indications
- Mayne Pharma remains committed to development of new specialty brands employing its drug delivery know-how, built on a patent strategy protecting the Company’s investment



## Expanded US leadership team built on strong industry experience



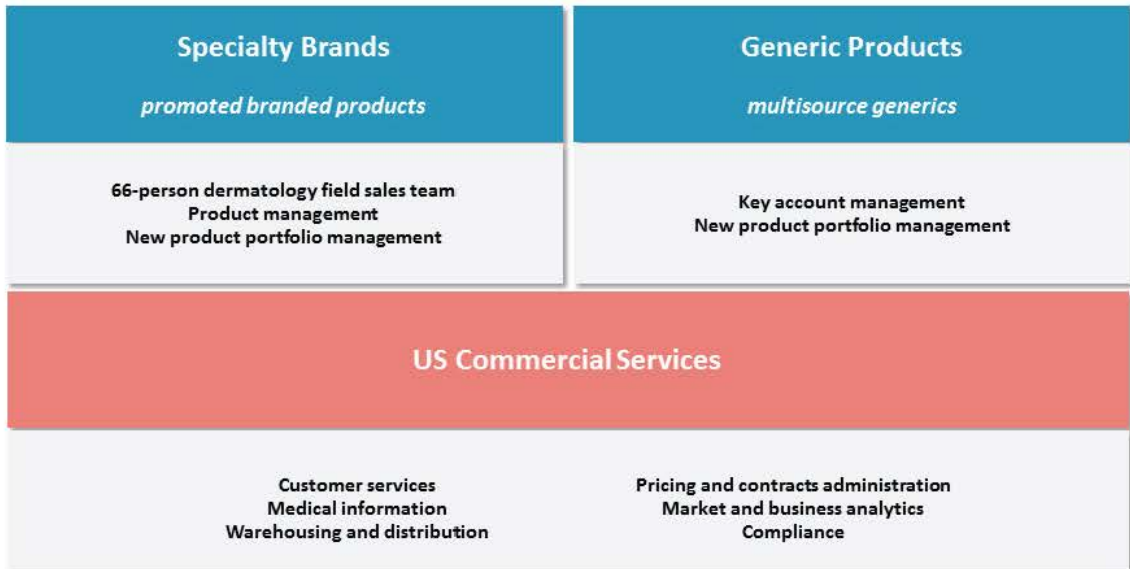
### Support staff

- 6 District Managers
- 60 field sales professionals
- 10 commercial support staff

New Staff



## Sharing commercial services across the US product divisions



## Generic product transactions





## Overview of US generic product transactions

**Unique opportunity to maximise control and profit from these existing Mayne Pharma niche products through combination of acquisition and restructuring of legacy arrangements**

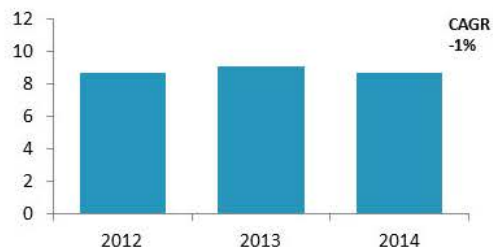
### Background

- Methamphetamine and BAC are currently both sold by Mayne Pharma and are in the top 10 products of its US Products Division
- Methamphetamine is indicated for the treatment of ADHD and BAC capsules are used to treat tension headaches
- Both markets highly attractive with limited generic competition
  - Both products have #1 market share and are growing in volume and value terms
- Legacy profit share agreements have diluted the economic benefit to Mayne Pharma

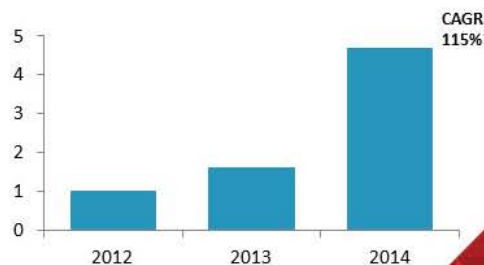
### Transaction overview and rationale

- Acquire full ownership of the methamphetamine and BAC ANDA's and control the manufacture, distribution and sales of these products
- Financially attractive deal terms: acquisitions will lead to a run-rate combined incremental EBITDA on average of US\$0.3m per month from completion, representing an implied acquisition multiple of 4.4x fully annualised EBITDA
- Opportunity for price optimisation and market share growth
  - Methamphetamine distribution comes in-house in April 2015

Methamphetamine market (US\$m)



BAC market (US\$m)<sup>1</sup>



Source: IMS Health  
 1) BAC market includes products containing 50mg Butalbital/325mg APAP/40mg Caffeine



## Mayne Pharma financials



## Trading update

### Preliminary 1H15 Results (A\$m)<sup>1</sup>

Revenue	59.5
Underlying EBITDA	14.4 - 14.7
Reported EBITDA	13.2 - 13.6
Reported NPAT	3.8 - 4.0

- Revenue was down 15% on pcp and EBITDA was significantly lower
- Result reflects the reduction in revenue of US Doryx® as foreshadowed during the first half
- Excluding revenue from shipments of US Doryx®, revenues were up 6% on pcp
  - Metrics Contract Services up 10% on pcp
  - US Products down 1% on pcp
  - MPI (excluding US Doryx®) up 34%

### Outlook for 2H15 (pre impact of acquisitions)

- Mayne Pharma expects a modest increase on its first half results on a constant currency basis due to
  - Recommencement of Doryx® sales to Actavis pre-closing of Doryx® acquisition (February only)
  - Anticipated growth in US Products, Metrics Contract Services and MPI (in addition to growth in Doryx®)

**Underlying 1H15 EBITDA of A\$14.4m – A\$14.7m**

1) Preliminary results are unaudited. Adjustments to Reported EBITDA in the first half include: i) A\$0.8m of start up costs in relation to the formation of a Specialty Brands Division in the US; ii) A\$0.5m non-cash income resulting from the decrease in the fair value of the Hospira earn-out liability associated with the Mayne Pharma International Pty Ltd (MPI) acquisition in November 2009; and iii) the Company's share of the operating losses made by Hedgepath (A\$0.8m)

17



## Financial overview of acquisitions

### Acquisition of Doryx®

- Acquisition price of US\$50m and start up costs and working capital investment of US\$8m (US\$3.4m of one-off establishment costs for the Specialty Brands Division budgeted for 2H15)
- Across transition period (for approx. 60 days post acquisition), Mayne Pharma will generate profit but at a reduced level reflecting additional costs of 3<sup>rd</sup> party distribution model
- From May, Mayne Pharma will assume control of distribution through its sales force and book the full profit contribution
- Mayne Pharma estimates that the Doryx® product will contribute on average US\$2.7m<sup>1</sup> EBITDA per month from July 2015
- Potential upside from
  - Mayne Pharma's sales force, which will be solely focused and dedicated to marketing Doryx®
  - Further product pricing improvements
  - Continued product innovations to enhance product characteristics
  - Line extensions

**EBITDA contribution of US\$2.7m<sup>1</sup> on average per month from July 2015**

### Generic product transactions

- Combined acquisition consideration for both the BAC and Methamphetamine transactions of up to US\$15.7m<sup>2</sup>
- Methamphetamine transaction to close on 5 March 2015
- BAC transaction to close later in FY15 subject to customary closing conditions

**Combined run-rate EBITDA contribution of US\$0.3m on average per month**

**Doryx® projected to make a significant contribution to Mayne Pharma earnings base**

1) Includes the product manufacturing margin that Mayne Pharma earns currently. Earnings contribution based on current weekly prescription run-rate for Doryx®  
2) Includes conditional transaction payments through to Feb-16; excludes certain ongoing royalty payments to Alphagen through to FY2018

18



## Acquisition funding

19



## Acquisition funding

### Equity offer structure

- ~A\$105m underwritten 1-for-3.45 pro-rata accelerated non-renounceable entitlement offer (**Entitlement Offer**)<sup>1</sup>
  - Institutional tranche (**Institutional Entitlement Offer**) expected to raise approximately A\$60m
  - Retail tranche (**Retail Entitlement Offer**) expected to raise approximately A\$45m
- Institutional placement (**Placement**) to raise approximately A\$10m
- Record Date for the Entitlement Offer is 7pm (AEDT time) on Friday, 13<sup>th</sup> February, 2015
- New Shares issued under the Entitlement Offer and Placement will rank equally with existing Mayne Pharma shares in all respects
- Deal fully underwritten by Credit Suisse (Australia) Limited and UBS AG, Australia Branch

### Offer pricing

- Entitlement Offer: fixed price of \$0.61 per new share (**New Share**)
  - 10.2% discount to the theoretical ex-rights price ("TERP")<sup>2</sup>
- Placement: Underwritten floor price of \$0.64 per new share
  - 5.7% discount to the theoretical ex-rights price ("TERP")<sup>2</sup>
  - 8.6% discount to the last closing price of Mayne Pharma on 9th February, 2015 of \$0.70

### Director participation

- Roger Corbett, Phil Hodges, Bruce Mathieson, Scott Richards<sup>3</sup>, Ian Scholes and Professor Bruce Robinson have committed to take-up their full entitlement
- A company associated with Ian Scholes has entered into an agreement with the underwriters to sub-underwrite up to A\$1.5m of any shortfall in the Retail Entitlement Offer for a fee consistent with the fees payable to institutional sub-underwriters

### Retail Top Up Offer

- In addition to being entitled to subscribe for up to their 1-for-3.45 entitlement<sup>1</sup>, eligible retail shareholders may apply for additional New Shares in excess of their entitlement through the Top Up offer (capped at 50%), with such over-subscriptions to be satisfied out of any shortfall shares, subject to Board discretion and potential scale-back

1) Fractional entitlements to New Shares to be rounded down to the nearest whole number of New Shares  
 2) The TERP is the theoretical price at which a Mayne Pharma share will trade immediately after the ex-date for the Entitlement Offer. It is a theoretical calculation only and the actual price at which Mayne Pharma shares will trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to the TERP. TERP is calculated by reference to Mayne Pharma's closing price of \$0.70 on 9<sup>th</sup> February, 2015 and includes the impact of the Placement.  
 3) Scott Richards will be fully participating in the Entitlement Offer except for restricted shares issued under the Mayne Pharma LTI program

20



## Sources and uses of funds

### Sources & Uses (A\$m)<sup>1</sup>

SOURCES		USES	
Entitlement Offer	105	Acquisition of Doryx®, start up costs and working capital investment	74
Placement	10	Generic product transactions <sup>2</sup>	19
		Business and product development opportunities	17
		Transaction costs	5
<b>Total Sources</b>	<b>115</b>	<b>Total Uses</b>	<b>115</b>

- Mayne Pharma is allocating A\$17m of equity raising proceeds to a portfolio of businesses and product development opportunities at various stages of development
- The Company expects to deploy this allocation over the next 12 months

1) Assumes 0.78 AUD:US\$. The equity raising may result in proceeds raised in excess of A\$115m  
 2) Excludes US\$750k consideration taken as Mayne Pharma scrip



## Equity raising timetable

Trading halt and announcement of acquisition and Entitlement Offer	Tuesday 10 February 2015
Institutional Entitlement Offer opens	Tuesday 10 February 2015
Institutional Entitlement Offer closes <sup>1</sup> and bookbuild for Placement shares and institutional shortfall	Wednesday 11 February 2015
Mayne Pharma shares recommence trading	Thursday 12 February 2015
Entitlement Offer record date (7pm AEDT)	Friday 13 February 2015
Retail Entitlement Offer opens	Wednesday 18 February 2015
Retail Offer Booklet and Application and Entitlement Forms dispatched to Eligible Retail Shareholders	Wednesday 18 February 2015
Settlement of New Shares issued under Institutional Entitlement Offer and Placement	Thursday 19 February 2015
Allotment and commencement of trading of New Shares issued under the Institutional Entitlement Offer and Placement	Friday 20 February 2015
Retail Entitlement Offer closes (5pm AEDT)	Wednesday 4 March 2015
Settlement of New Shares issued under the Retail Entitlement Offer	Tuesday 10 March 2015
Allotment of New Shares issued under the Retail Entitlement Offer	Wednesday 11 March 2015

The above timetable is subject to change without notice.

1) Entitlement elections for Australian, New Zealand and Asian Institutional Holders due 5pm AEDT on Tuesday 10 February, Entitlement elections due for other Offshore Institutional Holders due 7am AEDT on Wednesday 11 February



## Key risks



## Key risks

This section discusses some of the risks associated with an investment in Mayne Pharma. Mayne Pharma's business is subject to a number of risk factors both specific to its business and of a general nature which may impact on its future performance and forecasts. Before subscribing for Mayne Pharma shares, prospective investors should carefully consider and evaluate Mayne Pharma and its business and whether the shares are suitable to acquire having regard to their own investment objectives and financial circumstances and taking into consideration the material risk factors, as set out below. The risk factors set out below are not exhaustive. Prospective investors should consider publicly available information on Mayne Pharma, examine the full content of this presentation and consult their financial or other advisers before making an investment decision.

### Operational risks

<b>Industry regulatory risks</b>	Mayne Pharma operates within a highly regulated industry, relating to the manufacture as well as the distribution and supply of pharmaceutical products. As such, the business of Mayne Pharma is continually exposed to the risk of new government policies, regulations and legislation being introduced and changes to existing government policies, regulations and legislation in Australia, the US and other foreign jurisdictions which may impact or restrict its potential profitability.
<b>Pricing and reimbursement</b>	The commercial success of Mayne Pharma's approved products is substantially dependent on achieving acceptable pricing and whether acceptable third-party coverage and reimbursement is available from government bodies, private health insurers and other third-parties. This process of obtaining pricing for products is time consuming and the outcomes in certain jurisdictions may not be sufficient to warrant the marketing of products in that jurisdiction. Government bodies, national health authorities and other third-parties are increasingly seeking to contain healthcare costs by delaying reimbursement for, and limiting both the coverage and the level of reimbursement of new products and, as a result, they may not cover or provide adequate payment for Mayne Pharma's products. It is not uncommon in some jurisdictions for multiple applications to be required before pricing and reimbursement approvals are accepted. An inability to obtain or delays in obtaining satisfactory pricing and reimbursement in certain jurisdictions may impair Mayne Pharma's ability to effectively commercialise products in those jurisdictions. Even if products receive acceptable pricing and reimbursement, pricing and reimbursement levels are subject to change. As a result, Mayne Pharma's products may not be considered cost effective and reimbursement may not be available to consumers or may not be sufficient to allow Mayne Pharma's products to be marketed on a competitive basis.
<b>Product registrations</b>	The ability of Mayne Pharma to offer its products for sale depends on licences and registrations being obtained and maintained by Mayne Pharma from regulatory agencies such as the TGA (Therapeutic Goods Administration of Australia) and the FDA (US Food and Drug Administration). Mayne Pharma can give no assurances that it will successfully register its new products or that the appropriate approvals will be granted for these products on a timely basis, or once granted, will continue without change. Delays, or failure to obtain or changes to such registration and/or approval may have a material adverse effect on the financial performance of Mayne Pharma.



## Key risks (cont)

### Operational risks (continued)

<b>Product liability and uninsured risks</b>	Mayne Pharma's business exposes it to potential product liability risks that are inherent in the marketing and use of its products and as such Mayne Pharma has secured insurance to cover various product liability risks in the course of maintaining its business. However, there can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts, if at all, or that product liability or other claims would not materially and adversely affect the business or financial condition of Mayne Pharma.
<b>Competition risk</b>	Mayne Pharma conducts business in a highly competitive industry in which there are a number of well established competitors that have significantly greater financial resources, sales and marketing organisations, market penetration and development capabilities, as well as broader product offerings and greater market and brand presence. There can be no assurances given in respect of Mayne Pharma's ability to compete. Mayne Pharma's financial performance and the value of Mayne Pharma could be materially adversely affected if existing competitors increase market share or new competitors enter the market.
<b>Access to capital</b>	The Mayne Pharma business model requires ongoing re-investment into developing the underlying product portfolio for supply into key distribution channels, and for working capital to enable continued servicing of key customers. Mayne Pharma will continue to rely on existing finance facilities as well as reinvesting available profits as deemed appropriate. See Funding risk below
<b>Regulatory compliance</b>	Difficulties or delays in resolving regulatory (ie. FDA, TGA) observed deficiencies at our manufacturing facilities, could delay our ability to obtain approvals of our pending product applications or curtail availability to continue production of existing products.
<b>Litigation risk</b>	Litigation and other proceedings may be taken against the company that could materially adversely affect the business or financial condition of Mayne Pharma. If such proceedings were brought against the Company, it would incur considerable cost to defend those proceedings (even if successful), with the potential for damages and costs awards against the Company if it were unsuccessful. Changes in laws can heighten litigation risk (for example, antitrust and intellectual property). There has been substantial litigation and other proceedings in the pharmaceutical industry. Defending against litigation and other third party claims would be costly and time consuming and would divert management's attention from the business, which could have a significant financial effect on Mayne Pharma's business.
<b>Intellectual property</b>	From time to time, patents on products expire and/or competitors may be able to create bioequivalent products without infringing patents on branded products, leading to the launch of less expensive generic products. In addition, infringement of intellectual property can lead to costly, ongoing litigation to protect these assets. The impact of third party patents and other intellectual property rights which we may be found to infringe, or may be required to be licensed can lead to potential damages or other costs that we may be required to pay as a result of a finding that we infringe such intellectual property rights.

25



## Key risks (cont)

### Operational risks (continued)

<b>Relationships with customers</b>	Mayne Pharma remains exposed to competitor pressures in retaining and attracting customers. The loss of a key customer, the inability to renew contracts on similar terms, or the inability of the business to attract new customers may have a material impact on future profitability and efficient utilisation of fixed assets invested in the business. Mayne Pharma is exposed to the risk of its customers failing to honour payment obligations.
<b>Relationship with distributors</b>	Mayne uses third parties to sell and / or distribute its products. These third parties may choose to prioritise other products or may elect not to renew distribution agreements when they expire. Should this occur, Mayne Pharma may not be able to sell its products or may suffer delays in appointing new distributors or sales partners.
<b>Relationships with suppliers</b>	Mayne Pharma's performance may be negatively impacted if it cannot enter into reasonable commercial agreements with key third party suppliers.
<b>Loss of key personnel</b>	Mayne Pharma is committed to providing an attractive employment environment, conditions and prospects to assist in retaining its key senior management personnel. However, there can be no assurance that Mayne Pharma will be able to retain these key personnel. The loss of key personnel or the inability to recruit and retain high calibre staff could have a material adverse effect on Mayne Pharma. The addition of new employees and the departure of existing employees, particularly in key positions, can be disruptive and could have an adverse effect on Mayne Pharma.
<b>Product safety and efficacy</b>	Serious or unexpected health, safety or efficacy concerns with our products may expose Mayne Pharma to reputational harm or reduced market acceptance of its products, and lead to an increase in product liability claims and resulting liability, and increased regulatory reporting.

26



## Key risks (cont)

### Acquisition risks

<b>Completion risk</b>	Completion of the Doryx® transaction is expected to be on or around 26 February 2015. If the acquisition does not complete for any reason, Mayne Pharma will consider options in relation to the use of the funds raised under the equity raising, including use of the funds for general corporate purposes, or return of the funds to shareholders.
<b>Funding risk</b>	The acquisitions are being funded by a fully underwritten accelerated non-renounceable entitlement offer and a placement. The Underwriting Agreement is subject to customary termination events and if the Underwriting Agreement were to be terminated in accordance with these terms there is a risk that Mayne Pharma may not raise sufficient funds from the capital raising to complete the Doryx and generic product transactions. If this occurs Mayne Pharma will consider other funding options or may otherwise be in breach of the relevant agreements. The Mayne Pharma business model requires ongoing additional capital to fund its product portfolio. If Mayne Pharma is unable to raise further equity to fund expansion after the exhaustion of the proceeds of the current capital raising there can be no assurances that Mayne Pharma will have sufficient future capital resources, or that it will be able to obtain additional funds on terms acceptable to Mayne Pharma or at all. Mayne Pharma may seek to obtain funding by issuing additional shares or borrowing money. Any additional equity financing may be dilutive to shareholders and any debt financing, if available, may involve restrictive covenants, which may limit Mayne Pharma's operations and business strategy. Mayne Pharma's failure to raise capital if and when needed could delay or suspend its business strategy and could have a material adverse effect on Mayne Pharma's activities.
<b>Reliance on information provided</b>	Mayne Pharma undertook a due diligence process in respect of the products acquired, which relied in part on the review of financial and other information provided by the relevant vendors. Despite taking reasonable efforts, Mayne Pharma has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, Mayne Pharma has prepared (and made assumptions in the preparation of) the financial information relating to the product acquisitions included in this Presentation in reliance on limited financial information and other information provided by the relevant vendors. Mayne Pharma is unable to verify the accuracy or completeness of all of that information. If any of the data or information provided to and relied upon by Mayne Pharma in its due diligence process and its preparation of this Presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Mayne Pharma Group may be materially different to the financial position and performance expected by Mayne Pharma and reflected in this Presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the acquisition have been identified. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on Mayne Pharma.
<b>Analysis of acquisition opportunities</b>	Mayne Pharma has undertaken financial, business and other analysis on the products proposed to be acquired in order to determine their attractiveness to Mayne Pharma and whether to acquire them. It is possible that despite such analysis and the best estimate assumptions made by Mayne Pharma, the conclusions drawn and forecasts made are inaccurate or are not realised. To the extent that the actual results achieved by the product acquisitions are different than those indicated by Mayne Pharma's analysis, there is a risk that the profitability and future earnings of the operations of the Mayne Pharma Group may be materially different from the profitability and earnings expected as reflected in this Presentation.



## Key risks (cont)

### Acquisition risks (continued)

<b>Integration risk</b>	The acquisition involves the integration of the Doryx® business, which has previously operated independently to Mayne Pharma. As a result, there is a risk that the integration of Doryx® may be more complex than currently anticipated, encounters unexpected challenges or issues and takes longer than expected, diverts management attention or does not deliver the expected benefits and this may affect Mayne Pharma Group's operating and financial performance.
<b>Anti-trust liability</b>	Warner Chilcott and Mayne Pharma are defending ongoing allegations of antitrust violations by Mylan in respect of Doryx®. No certainty exists as to the outcome of these actions, however, Mayne Pharma does not foresee incurring any material financial liabilities in relation to these actions, including because of pre-existing contractual rights with Warner Chilcott that would be unaffected by Mayne Pharma's acquisition of Doryx®. If the acquisition of Doryx® completes, Mayne Pharma would become directly liable for any future conduct that was held to infringe antitrust laws, and would incur significant costs to defend any allegation of antitrust violations and if held liable, may be required to pay significant damages and other costs.
<b>Acquired liabilities</b>	Mayne Pharma may become directly or indirectly liable for future liabilities that have been incurred in the past which were not identified during its due diligence or which are greater than expected, and for which the market standard protection (in the form of representations and warranties and indemnities) negotiated by Mayne Pharma in its agreement to acquire Doryx turn out to be inadequate in the circumstances. Such liability may adversely affect the financial performance or position of Mayne Pharma Group post acquisition.



## Key risks (cont)

### General risks

<b>Share price fluctuations</b>	The market price of Mayne Pharma Group shares will fluctuate due to various factors, many of which are non-specific to Mayne Pharma Group, including recommendations by brokers and analysts, Australian and international general economic conditions, inflation rates, interest rates, changes in government, fiscal, monetary and regulatory policies, global geo-political events and hostilities and acts of terrorism, and investor perceptions. Fluctuations such as these may adversely affect the market price of Mayne Pharma Group shares.
<b>Economic risks</b>	Mayne Pharma Group is exposed to economic factors in the ordinary course of business. Factors such as changes in fiscal, monetary and regulatory policies can adversely impact Mayne Pharma Group's earnings.  Businesses such as Mayne Pharma Group that borrow money are potentially exposed to adverse interest rate movements that may affect the cost of borrowing, which in turn would impact on earnings and increase the financial risk inherent in those businesses.
<b>Foreign exchange risk</b>	A substantial proportion of Mayne Pharma Group's revenues, costs, assets and liabilities are denominated in currencies other than Australian dollars. Exchange rate movements affecting these currencies may impact the income statement or assets and liabilities of Mayne Pharma Group, to the extent the foreign exchange rate risk is not hedged or not appropriately hedged. It is Mayne Pharma Group's policy to enter into simple Forward Exchange Contracts or Participating Forward Exchange Contracts over a set percentage of the forecast net receipts of US dollars. The percentages used vary depending on the length of the forecast period. Mayne Pharma Group also holds assets and liabilities in United States dollars (US\$), British pounds (GBP), Japanese yen (JPY) and Euro (EUR). The existence of both assets and liabilities denominated in US\$ provides a limited natural hedge against adverse currency movements.
<b>Government policies and legislation</b>	Mayne Pharma Group operates in highly regulated industry segments. Mayne Pharma Group may be affected by changes to government policies and legislation, including those relating to the pharmaceutical industry, property, the environment, taxation, the regulation of trade practices and competition. Mayne Pharma Group is also subject to the regulatory requirements of the Corporations Act, the ASX Listing Rules and ASIC policy. Changes to legislation or to these regulatory requirements or other policy and procedures may affect Mayne Pharma Group, its business operations and financial performance, or have other unforeseen implications.
<b>Taxation</b>	Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in Mayne Pharma Group shares, or the holding and disposal of those shares.  Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Mayne Pharma Group operates, may impact the future tax liabilities of Mayne Pharma Group.

29



## Key risks (cont)

### General risks (continued)

<b>Change in accounting policy</b>	Mayne Pharma Group is subject to the usual business risk that there may be changes in accounting policies which impact Mayne Pharma Group.
<b>Asset impairment</b>	As a consequence of the global financial crisis, ASIC has specifically identified impairment of assets as an issue for Australian companies. The Board regularly monitors impairment risk. Consistent with Australian Accounting Standard AASB 136 Impairment of Assets, Mayne Pharma Group is periodically required to assess the carrying value of its non-current assets, including its brands and goodwill. Where the recoverable amount of an asset is assessed to be less than its carrying value, Mayne Pharma Group is obliged to recognise an impairment charge in its income statement. Impairment charges can be significant and can reduce the level of a company's profits and, potentially, its capacity to pay dividends. Impairment charges are a non-cash item.
<b>Dividends</b>	The payment of any future dividends will be at the discretion of the Board and will depend, amongst other things, on the performance and financial circumstances of the Company at the relevant time. However, the Board's general policy will be to distribute cash flows generated by the Company's operating activities which are surplus to the Company's ongoing requirements for maintaining and growing the business. There can be no guarantee as to the likelihood, timing, franking or quantum of future dividends from Mayne Pharma Group.

30





## Foreign Selling Restrictions

### International Offer Restrictions

This document does not constitute an offer of new fully paid ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

### New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the FMC Act and the Securities Act (Overseas Companies) Exemption Notice 2013.

Other than in the entitlement offer, the New Shares may not be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency; or
- subscribes, or has subscribed, for securities that have a minimum amount payable of at least NZ\$750,000.

### Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

31



## Foreign Selling Restrictions (cont)

### Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

32



## Foreign Selling Restrictions (cont)

### European Economic Area – Germany and Netherlands

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

### France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

33



## Foreign Selling Restrictions (cont)

### Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). The New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(I) of the Prospectus Regulations.

### Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

### Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

### United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

34

## Additional information

This Retail Offer Document (including the ASX announcements and Investor Presentation in relation to the Retail Entitlement Offer reproduced in it) and accompanying personalised Application and Entitlement Form have been prepared by the Company. The information in this Retail Offer Document is dated 18 February 2015.

No party other than the Company has authorised or caused the issue of the information in this Retail Offer Document, nor takes any responsibility for, or makes, any statements, representations or undertakings in this Retail Offer Document.

### 3. Capital structure

#### 3.1 Effect of the Entitlement Offer on capital structure

The approximate capital structure of the Company will be as follows:

Shares	Number
Shares on issue as at 10 February 2015	594,134,193
Shares issued under the Institutional Entitlement Offer and Placement	114,664,095
New Shares offered under the Retail Entitlement Offer as per this Retail Offer Document	73,148,714*
Total Shares on issues on close of the Entitlement Offer and Placement	781,947,002*

\*Approximately depending on fractional Entitlements on the Record Date.

#### 3.2 Financial effect of the Entitlement Offer and Placement

Please see the Investor Presentation for the financial effect of the Entitlement Offer and Placement on the Company.

#### 3.3 Impact on control

The Directors do not believe that the Entitlement Offer will have a material effect on the control of the Company as no individual Shareholder currently owns more than 20% of the Shares and the Company does not expect any Shareholder to hold more than 20% after completion of the Entitlement Offer.

#### 3.4 Directors and sub-underwriting

All Directors intend to participate in the Entitlement Offer.

A company associated with Ian Scholes (a Director) has entered into a sub-underwriting agreement with the Underwriters under which that company has agreed to sub-underwrite A\$1.5 million of any shortfall in the Retail Entitlement Offer for a fee of 0.5% of the sub-underwritten amount (consistent with the fee payable to institutional sub-underwriters).

The terms and conditions of this sub-underwriting agreement are customary in nature and materially the same as the terms of other sub-underwriting agreements entered into between the Underwriters and institutional sub-underwriters. Under the terms of the sub-underwriting agreement, the company associated with Mr Scholes has no rights of termination, however, the obligations to sub-underwrite will cease if the Underwriting Agreement is terminated.

Depending on the amount of New Shares allotted to Ian Scholes' associated company under the sub-underwriting agreement (if any), he will have a post capital raising<sup>2</sup> relevant interest of not greater than 0.44%.

## 4. Risk factors

### 4.1 Introduction

The Company's operations are subject to a number of risks which may impact on its future performance and forecasts. Before subscribing for New Shares, Shareholders should carefully consider and evaluate the Company and its business and whether the New Shares are suitable to acquire having regard to their own investment objectives and financial circumstances and taking into consideration the material risk factors.

In particular, Shareholders should consider the risk factors outlined in the *Key risks* section of the Investor Presentation included in this Retail Offer Document, any of which could affect the operating and financial performance of the Company or the value of an investment in the Company. The risk factors set out in the *Key risks* section of the Investor Presentation are not exhaustive.

You should consult your stockbroker, accountant, solicitor or other independent professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer. The Company has applied to ASX for the grant of official quotation of the New Shares and any Additional New Shares. It is expected that normal trading on ASX will commence in relation to New Shares issued under the Retail Entitlement Offer on 12 March 2015. The Company will have no responsibility and disclaims all liability (to the maximum extent permitted by law, including for negligence) to persons who trade New Shares before the New Shares are quoted on the official list of ASX or before they receive their written confirmation of issue, whether on the basis of confirmation of the allocation provided by the Company, the Share Registry or the Underwriters. ASX accepts no responsibility for any statement in this Retail Offer Document.

### 4.2 New Zealand Shareholders

New Zealand Shareholders should also consider the taxation and currency risks associated with investing in New Shares.

## 5. Eligible Retail Shareholders

The information in this Retail Offer Document contains an offer of New Shares to Eligible Retail Shareholders in Australia or New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as modified by ASIC Class Order 08/35.

The Retail Entitlement Offer is not being extended to any shareholders outside Australia or New Zealand, other than potentially selected institutional shareholders and investors in certain foreign jurisdictions. By returning a completed Application and Entitlement Form or making a payment by BPAY®, you will be taken to have represented and warranted that you satisfy each of the Eligible Retail Shareholder criteria. Due to legal restrictions, nominees and custodians may not send copies of this Retail Offer Document or any material relating to the Retail Entitlement Offer or accept the Retail Entitlement Offer in relation to any person in the United States, any person that is, or is acting for the account or benefit of, a U.S. Person, or to any person in any other

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<sup>2</sup> Based on the A\$115.0m equity raising (including the Placement),

jurisdiction outside Australia or New Zealand except to beneficial shareholders who are institutional or professional investors in certain foreign countries selected by the Company.

## 6. Not investment advice or financial product advice

The Retail Entitlement Offer to which the information in this Retail Offer Document relates complies with the requirements of section 708AA of the Corporations Act as modified by ASIC Class Order 08/35. The information in this Retail Offer Document is not a prospectus, product disclosure statement, disclosure document or other offering document under the Corporations Act (or any other law) and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The Company is not licensed to provide financial product advice in respect of the New Shares and any Additional New Shares or any other financial products.

The information in this Retail Offer Document does not purport to contain all the information that you may require to evaluate a possible application for New Shares or any Additional New Shares, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with the Company's other periodic statements and continuous disclosure announcements lodged with ASX, which are available at [www.asx.com.au](http://www.asx.com.au). The information in this Retail Offer Document does not take into account the investment objectives, financial situation or needs of you or any particular investor. Before deciding whether to apply for New Shares or any Additional New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial objectives and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of the Shares, the subject of the Retail Entitlement Offer.

If, after reading this Retail Offer Document, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant, solicitor or other independent professional adviser. You should obtain any professional advice you require to evaluate the merits and risks of an investment in the Company before making any investment decision based on your investment objectives.

## 7. Foreign jurisdictions

The information in this Retail Offer Document does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer, and no action has been taken to register the Shares or otherwise permit a public offering of the New Shares in any jurisdiction outside of Australia or New Zealand. Return of the personalised Application and Entitlement Form or your BPAY® payment will be taken by the Company to constitute a representation by you that there has been no breach of any such laws. Due to legal restrictions, nominees and custodians may not send copies of this Retail Offer Document or any material relating to the Retail Entitlement Offer or accept the Retail Entitlement Offer in relation to any person in the United States, any person that is, or is acting for the account or benefit of, a U.S. Person, or to any person in any other jurisdiction outside Australia or New Zealand except to beneficial shareholders who are institutional or professional investors in certain foreign countries to the extent contemplated in the Investor Presentation under the section titled "International Offer Restrictions" or as the Company may otherwise permit on compliance with applicable law.

### *United States*

This document does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any U.S. Person. New Shares may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless the New Shares have been registered under the U.S. Securities Act or an exemption from registration under the U.S. Securities Act is available. The New Shares to be offered and sold in the Retail Entitlement Offer have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States and, accordingly, the New Shares are only being offered and sold to persons that are not U.S. Persons or acting for the account or benefit of U.S. Persons, in *offshore transactions* within the meaning of Regulation S under the U.S. Securities Act and in compliance therewith. Any U.S. Person or any person that is or is acting for the account or benefit of a U.S. Person with a holding through a nominee may not participate in the Retail Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person it knows to be a U.S. Person. The distribution of this document outside Australia or New Zealand may be restricted by law. In particular, this document or any copy of it must not be taken into or distributed or released in the United States or distributed or released to any U.S. Person or to any person acting for the account or benefit of a U.S. Person.

### *New Zealand*

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013 (New Zealand)* and the *Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand)*.

This Retail Offer Document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978 (New Zealand)*. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

## 8. Taxation

Taxation is only one of the matters that must be considered when making a decision in relation to New Shares and any Additional New Shares.

Set out below is a summary of the Australian tax implications of the Retail Entitlement Offer for Eligible Retail Shareholders who are residents of Australia for tax purposes and who hold their Shares as capital assets.

This Section does not consider the Australian tax consequences for particular types of Eligible Retail Shareholders, including those who:

- (a) hold their Shares as assets used in carrying on a business or who may carry on the business of share trading, banking or investment; or
- (b) hold their Shares through an employee share scheme or whose Shares are held as revenue assets or trading stock; or
- (c) may be subject to special tax rules, such as insurance companies, partnerships, tax exempt organisations, trusts (except where expressly stated), superannuation funds (except where expressly stated) or temporary residents; or
- (d) are tax residents of any jurisdiction (including New Zealand) other than Australia.

The summary below is based on the law in effect as at the date of this Retail Offer Document, is general in nature and should not be relied upon by Eligible Retail Shareholders as tax advice. Eligible Retail Shareholders should seek specific advice applicable to their own particular circumstances from their own financial and tax advisers.

### 8.1 Income tax

#### *Issue of Entitlements*

Subject to the qualifications noted above and assuming that the Eligible Retail Shareholder continues to hold their Shares until the issue of the Entitlements, the issue of the Entitlements will not, or itself, result in any amount being included in the assessable income of an Eligible Retail Shareholder. This is on the basis that the Entitlements satisfy the requirements in section 59-40 of *the Income Tax Assessment Act 1997 (Cth)* and will therefore be treated as non-assessable and non-exempt income.

#### *Exercise of Entitlements*

Eligible Retail Shareholders who exercise their Entitlements and subscribe for New Shares and any Additional New Shares will acquire those Shares with a cost base for CGT purposes equal to the Issue Price payable by them for those Shares plus any non-deductible incidental costs they incur in acquiring them. Eligible Retail Shareholders will not make any capital gain or loss, or derive assessable income, from exercising the Entitlements or subscribing for the New Shares or any Additional New Shares.

#### *Lapse of Entitlements*

On the basis that no proceeds will be received by Eligible Retail Shareholders who allow their Entitlements to lapse, no income tax consequences should arise for those Eligible Retail Shareholders.

## 8.2 New Shares and Additional New Shares

### *Taxation of income for Eligible Retail Shareholders*

Eligible Retail Shareholders who exercise their Entitlements will acquire New Shares and, in the Company's sole discretion, any Additional New Shares. Any future dividends or other distributions made in respect of those New Shares and any Additional New Shares will be subject to the same taxation treatment as dividends or other distributions made on Shares held in the same circumstances.

For Eligible Retail Shareholders to be eligible for a tax offset in relation to any franking credits attached to a dividend paid by the Company on the New Shares and any Additional New Shares, they will need to hold the New Shares or any Additional New Shares *at risk* for at least 45 days, not counting the day of acquisition or disposal (referred to as the *holding period rule*). The holding period rule generally only needs to be satisfied once for the New Shares and any Additional New Shares and will apply in respect of the New Shares and any Additional New Shares beginning on the day after the day on which the Eligible Retail Shareholder acquires the New Shares or any Additional New Shares. This rule does not apply if the Eligible Retail Shareholder is an individual where the total franking credits entitlement for the year of income of the individual in which the dividend is received is below A\$5,000.

### *Taxation of disposals for Eligible Shareholders*

The disposal of New Shares and any Additional New Shares will give rise to a CGT event for Eligible Retail Shareholders. Eligible Retail Shareholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of the New Shares or any Additional New Shares. The cost base of those Shares is described above, but, for these purposes, the cost base should also include a reasonable apportionment of the non-deductible incidental costs on disposal and any interest paid in respect of borrowings used to acquire those Shares that was not otherwise deductible to the Eligible Retail Shareholder.

New Shares will be treated for the purposes of the CGT rules as having been acquired when the Eligible Retail Shareholder exercised the Entitlement to subscribe for them. New Shares under the Top Up Offer will be treated for the purposes of the CGT discount as having been acquired when the Company issues or allots those Additional New Shares. In order to benefit from the CGT discount that may be available to individuals, trusts and complying superannuation funds in respect of a disposal of the New Shares or any Additional New Shares, the New Shares or any Additional New Shares must have been held for at least 12 months before disposal.

### *Taxation of a return of capital by the Company*

Where a return of capital is made by the Company, the cost base and reduced cost base of the Eligible Retail Shareholder's New Shares or any Additional New Shares for CGT purposes will be reduced by the amount of the return of capital, with any excess over the cost base triggering a capital gain. In some circumstances, where the Eligible Retail Shareholder disposes of their New Shares or any Additional New Shares in the period between becoming entitled to the return of capital and the actual payment of the return of capital, the Eligible Retail Shareholder will generally make a capital gain equal to the amount of the return of capital. The amount returned may also include a dividend component, or be deemed under taxation law to include a dividend component, which will be subject to tax as set out above.

## 8.3 Goods and Services Tax and Stamp Duty

No Australian GST or stamp duty is payable in respect of the issue or exercise of the Entitlements or the acquisition of New Shares and any Additional New Shares pursuant to the Retail Entitlement Offer. Eligible Retail Shareholders may be charged GST on third party brokerage or



advisor costs in respect of the issue or exercise of the Entitlements or the acquisition of those New Shares or any Additional New Shares, depending on their individual circumstances.

## 9. Underwriting

On 10 February 2015, the Company entered into an underwriting agreement with the Underwriters (**Underwriting Agreement**). Under the Underwriting Agreement, the Underwriters were appointed by the Company on an exclusive basis, to act as joint lead managers, underwriters and bookrunners for the Offer. The obligations of the Underwriters are subject to the satisfaction of certain conditions precedent, including:

- (a) ASX not indicating that it will not admit the New Shares to quotation; and
- (b) receipt by the Underwriters of certain customary opinions and reports from the Company and its advisers.

The Company has (subject to certain limitations) agreed to indemnify the Underwriters and their respective affiliates, successors or Related Bodies Corporate and the respective directors, officers, agents, employees, representatives or advisers of each Underwriter or any of their respective affiliates, successors or Related Bodies Corporate against losses in connection with the Entitlement Offer. The Company and the Underwriters have given certain representations, warranties and undertakings in connection with (among other things) the conduct of the Entitlement Offer. The Underwriters may each terminate the Underwriting Agreement and be released from their respective obligations if any of a range of events occur. A summary of these key termination events is set out below.

The Underwriters will be remunerated by the Company for providing these underwriting services at market rates and be reimbursed for certain expenses. The Underwriters have not authorised or caused the issue of, and take no responsibility for, this Retail Offer Document, and to the maximum extent permitted by law, disclaim all liability in connection with the Entitlement Offer, the Placement and this Retail Offer Document.

Each Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from its obligations under it on the occurrence of certain events on or prior to the settlement date of the Retail Entitlement Offer, including (but not limited to) where:

- (a) the Company is removed from the official list of ASX or the Shares cease to be quoted or are suspended from quotation by ASX;
- (b) there are material disruptions in financial or economic conditions in key markets, certain falls in the S&P/ASX 200 index or hostilities commence or escalate in certain key countries;
- (c) a statement contained in the offer materials is or becomes false, misleading or deceptive (including by omission) or likely to mislead or deceive, or there are no reasonable grounds for making any statements relating to future matters in the offer materials; and
- (d) there is a material adverse change in the financial position or performance, assets, liabilities, profits, losses, results, condition, operations or prospects of the Company or any of its subsidiaries.

Please note that the above is not an exhaustive list of the termination events in the Underwriting Agreement.

## 10. Financial data

The pro forma historical financial information included in this Retail Offer Document does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

## 11. Information availability

Eligible Retail Shareholders in Australia or New Zealand can obtain a copy of this information during the period of the Retail Entitlement Offer by calling the Share Registry on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am to 5.00pm (Melbourne time) Monday to Friday during the Retail Entitlement Offer period. A replacement Application and Entitlement Form can be requested by calling the Share Registry.

## 12. Forward-looking statements and future performance

Neither the Company, its officers, employees, agents, associates and advisers, nor any other person warrants or guarantees the future performance of the New Shares, any Additional New Shares or any return on any investment made pursuant to the information in this Retail Offer Document. Forward looking statements, opinions and estimates provided in the information in this Retail Offer Document are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Any forward looking statements including projections, guidance on future production, sales, earnings, dividends, and other estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Board, including the risks described in the accompanying Investor Presentation, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Retail Offer Document.

## 13. Past performance

Past performance information given in this Retail Offer Document is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance. The historical information in this Retail Offer Document is, or is based upon, information that has been released to the market. For further information, please see past announcements released to ASX.

# Glossary

Term	Definition
Additional New Share	A Share offered and issued under the Top Up Offer
ANDA	Abbreviated new drug application
Applicant	An Eligible Retail Shareholder who applies for New Shares under this Retail Offer Document
Application	An application for a specified number of New Shares by an Applicant under this Retail Offer Document
Application and Entitlement Form	The personalised form for participation in the Retail Entitlement Offer attached to or accompanying this Retail Offer Document
Application Monies	Funds accompanying a completed Application and Entitlement Form or funds paid by BPAY®
ASIC	Australian Securities and Investments Commission
ASX Settlement Rules	The Settlement Operating Rules made by ASX Settlement Pty Ltd ACN 008 504 532
ASX	ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires
ASX Listing Rules	The listing rules of ASX
Board	The Directors acting as a board of the Company
CGT	Capital Gains Tax
Closing Date	The date on which the Retail Entitlement Offer closes, expected to be 5pm (Melbourne time) on 4 March 2015
Company or Mayne Pharma	Mayne Pharma Group Limited ACN 115 832 963
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Directors	The directors of the Company
Eligible Retail Shareholder	As defined in Section 1.1 of this Retail Offer Document
Entitlement	The number of New Shares each Eligible Retail Shareholder is offered under the Retail Entitlement Offer as designated on their Application and Entitlement Form
Entitlement Offer	The fully underwritten pro-rata accelerated non-renounceable entitlement offer of 1 New Share for every 3.45 Existing Shares at \$0.61 per New Share.
Excess Amount	Any monies in excess of the full amount of Application Monies for an Eligible Retail Shareholder's whole Entitlement
Existing Shares	Shares on issue at the Record Date
GST	Good and Services Tax
Institutional Entitlement Offer	Has the meaning given in the Chairman's Letter
Investor Presentation	The investor presentation released to ASX on 10 February 2015 and included and forming part of this Retail Offer Document
Issue Price	The price payable for one New Share under the Entitlement Offer or A\$0.61
Melbourne time	The time in Melbourne, Australia
New Share	A Share offered and issued under the Entitlement Offer

<b>Term</b>	<b>Definition</b>
Non Eligible Foreign Shareholder	A Shareholder with an address in the Company's share register outside Australia or New Zealand, unless the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Board in its sole discretion regards as acceptable and not unduly onerous
Offer Period	18 February 2015 to 4 March 2015 or any other date as may be determined by the Company
Opening Date	18 February 2015
Placement	Has the meaning given in the Chairman's Letter
Record Date	7pm (Melbourne time) on 13 February 2015
Retail Entitlement Offer	The retail component of the Entitlement Offer being the offer of 1 New Share for each 3.45 Existing Shares on the terms set out in this Retail Offer Document to Eligible Retail Shareholders
Retail Offer Document	This document
Section	Means a section of this Retail Offer Document
Securities Act	U.S. Securities Act of 1933, as amended
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A holder of at least one Share as recorded on the Company's share register
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277.
Shortfall	New Shares offered under the Retail Entitlement Offer for which valid Applications have not been received from Eligible Retail Shareholders under their Entitlement or the Top Up Offer on or before the Closing Date
Top Up Offer	The offer described in Section 1.3 of this Retail Offer Document
Underwriters	Credit Suisse (Australia) Limited and UBS AG, Australia Branch
Underwriting Agreement	As defined in Section 9 of this Retail Offer Document
U.S. Persons	As defined in Regulation S under the Securities Act

# Corporate Directory

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## *Directors*

- Roger Corbett, AO (Chairman)
- The Hon. Ron Best
- Phil Hodges
- Bruce Mathieson
- Scott Richards
- Bruce Robinson, AM
- Ian Scholes

## *Registered Office*

- Level 14  
474 Flinders Street  
Melbourne, Victoria 3000

## *Share Registry*

- Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford, Victoria 3067

## *Chief Executive Officer and Managing Director*

- Scott Richards

## *Company Secretary*

- Mark Cansdale

## *Lawyers to the Offer*

- Minter Ellison  
Level 23, Rialto Towers  
525 Collins Street  
Melbourne, Victoria 3000

## *Underwriters*

- Credit Suisse (Australia) Limited  
Level 41, 101 Collins Street  
Melbourne, Victoria 3000
- and
- UBS AG, Australia Branch  
8 Exhibition Street  
Melbourne, Victoria 3000





