



MAYNE PHARMA GROUP LIMITED

ACN 115 832 963

NOTICE OF EXTRAORDINARY GENERAL MEETING 2012

Notice is given that an Extraordinary General Meeting of the Shareholders of Mayne Pharma Group Limited ACN 115 832 963 will be held at Minter Ellison, Level 23, 525 Collins Street Melbourne 3000 on **Friday 27 January 2012 at 11.30am (AEDT)**.

The Company has determined that, for the purpose of voting at the meeting, Shares will be taken to be held by those persons recorded on the Company register at **11.30am (AEDT) on Wednesday 25 January 2012**.

Please read this Notice of Meeting carefully and consider directing your proxy on how to vote on the resolution by marking the appropriate box on the proxy form.

BUSINESS OF THE MEETING

1. Resolution - Issue of options to Managing Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the issue of up to 7,500,000 options to Scott Anthony Richards under an employee incentive scheme, and on exercise of those options, the acquisition of ordinary shares underlying those options, in accordance with the terms and conditions summarised in the explanatory memorandum accompanying and forming part of this Notice of Meeting."

2. Other Business

To consider any other business brought forward in accordance with the Company's constitution or the law.

PROXIES AND SHAREHOLDER INFORMATION

IMPORTANT: Shareholders are urged to direct their proxy how to vote by clearly marking the relevant box for each item on the proxy form.

A Shareholder entitled to attend and vote at the meeting has the right to appoint a person (who does not need to be a Shareholder of the Company) as the Shareholder's proxy to attend and vote at the meeting

If a Shareholder is entitled to cast two or more votes they may appoint two proxies (but no more) provided that an appointment of two proxies will have no effect unless each proxy is appointed to represent a specified proportion of the Shareholder's voting rights aggregating to no more than 100% of that Shareholder's voting rights. If the Shareholder appoints two proxies, neither proxy may vote on a show of hands.

The proxy form must be signed by the Shareholder or his or her attorney. Proxies given by corporations must be signed either under seal or under the hand of its duly authorised attorney.

Proxy forms and any authorities (or certified copies of those authorities) under which they are signed may be delivered in person, by mail or by fax to the Company's Share Registry (see details below) no later than 48 hours before the meeting, being 11.30am (AEDT) on 25 January 2012. Further details are contained on the Proxy Form.

Relevant custodians may lodge their proxy forms online by visiting www.intermediaryonline.com

If the proxy form is signed but is blank in all other material aspects, it will be taken to mean that it is in favour of the Chairperson of the Meeting for full voting rights and the Chairperson will vote in favour of the item on a poll.

A proxy may decide whether to vote on any motion, except where the proxy is required by law or the constitution of the Company to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed to vote on an item of business, the proxy may vote on that item only in accordance with the direction. If a proxy is not directed how to vote on an item of business, the proxy may vote as he or she thinks fit.

Amendments to the *Corporations Act 2001* (Cth) (**Corporations Act**) have been made recently and apply to proxy voting on or after 1 August 2011 (whether or not the proxy was appointed before, on or after that date). Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chairman of the meeting, who must vote the proxies as directed.

A proxy form accompanies this Notice of Meeting.

Subject to any voting and proxy exclusions, the Chairman of the meeting intends to vote undirected proxies in favour of the Resolution.

SHARE REGISTRY

Computershare Investor Services Pty Limited

Street address: Yarra Falls	Postal address:	GPO Box 242
452 Johnston Street		Melbourne, VIC 3001
Abbotsford VIC 3067		
Facsimile: (within Australia)	1800 783 447	
(outside Australia)	+61 3 9473 2555	
Enquiries: (within Australia)	1300 850 505	
(outside Australia)	+61 3 9415 4000	

By order of the Board



Mark Cansdale
Company Secretary
19 December 2011

EXPLANATORY MEMORANDUM

The Explanatory Memorandum below provides additional information for Shareholders in relation to the Resolution.

1. Introduction

As announced to ASX on 2 December 2011, Scott Anthony Richards was appointed as Managing Director and Chief Executive Officer of the Company effective in early February 2012. On the appointment of Mr Richards, the Company agreed to issue a maximum of 7,500,000 options to Mr Richards, being options to acquire Shares (**Options**), as part of his remuneration by the Company. In introducing an equity component to his remuneration, the Company's objective was to provide an added incentive to Mr Richards to focus on the delivery of long term Shareholder returns. The Options will be issued under the Chief Executive Officer share option plan (**CEO ESOP**) subject to the receipt of the necessary Shareholder approval.

If approved by Shareholders, the Board intends to issue the Options as soon as reasonably practicable following the Extraordinary General Meeting on the terms and conditions set out below (**Date of Grant**).

2. Options

The number of Options granted to Mr Richards may be less than 7,500,000 if the closing price of the Shares listed on the ASX is greater than \$0.50 on the day immediately before this Extraordinary General Meeting.

The options will vest in three separate tranches ending on the date that is seven years after the Date of Grant (**Expiry Date**). The exercise price of the Options will be the closing price of the Shares on the date of this Extraordinary General Meeting. The Options will be issued without any cost to Mr Richards. The principal terms of the options will be as follows:

	Vesting Date	Percentage Vested
First Tranche	Date which is 4 years after the Date of Grant	• The vesting of 20% of the Options
Second Tranche	Date which is 5 years after the Date of Grant	• The vesting of 33 $\frac{1}{3}$ % of the Options
Third Tranche	Date which is 6 years after the Date of Grant	• The vesting of 46 $\frac{2}{3}$ % of the Options

The Options will remain exercisable under each tranche for the period between the Vesting Date as described in the table above and the Expiry Date (**Exercise Period**).

In order for the Options to vest, the following conditions must be satisfied:

- (a) the Shares must satisfy the volume weighted average price (**VWAP**) requirements (**Share Price Condition**) outlined in the following table;

Tranche	Share Price Condition
First Tranche	The VWAP must equal or exceed \$1.00 on 10 trading days in any 20 sequential trading days during the 60 days either side of the date which is 2 years after the Date of Grant
Second Tranche	The VWAP must equal or exceed \$1.50 on 10 trading days in any 20 sequential trading days during the 60 days either side of the date which is 3 years after the Date of Grant

Third Tranche	The VWAP must equal or exceed \$2.50 on 10 trading days in any 20 sequential trading days during the 60 days either side of the date which is 4 years after the Date of Grant
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- (b) Mr Richards must be employed by the Company as at the Vesting Date for all three tranches (**Service Condition**); and
- (c) the Company's Share price must be at a premium of at least 50% to the Exercise Price for at least five days in 10 trading days at the time the Options have satisfied the Share Price Condition and Service Condition in respect of each tranche (**Share Gateway Condition**).

If the Share Price Condition hurdles are not satisfied in the stipulated time frame for each tranche, those time frames and the Service Condition will be extended. However, the Options will expire if the Share Price Conditions are not satisfied by the Expiry Date.

In the event that an Option lapses in accordance with the CEO ESOP (**Lapsed Option**), all rights of Mr Richards under the CEO ESOP in respect of the Options will cease. However, under special circumstances (eg, death, total and permanent disablement or redundancy of Mr Richards), the Board may (in its absolute discretion) by written notice permit Mr Richards to exercise any unvested Lapsed Options if both the Share Price Condition and the Share Gateway Condition are satisfied.

If during the Exercise Period there is a takeover (or other similar event) of the Shares (resulting in a change of control), any unvested Options which satisfy the Share Price Condition will be deemed to be vested Options and may be immediately exercised irrespective of whether the Options satisfy the Service Condition and/or the Share Gateway Condition and any vested Options which have not lapsed may also be immediately exercised.

Except for a transfer to Mr Richard's legal representative in the case of death, the Options cannot be transferred by Mr Richards.

3. Legal requirements

As it is proposed that Mr Richards will be a Director, the approval of Shareholders is required for him to participate in the CEO ESOP. In particular, ASX Listing Rule 10.14 requires Shareholder approval for Mr Richards to participate in an employee share option plan under which he acquires, or may acquire, equity securities in the Company.

As a result, the Company seeks the approval of Shareholders in respect of the proposed issue of the Options to Mr Richards on the terms and conditions set out above and in accordance with the CEO ESOP.

4. Approval of acquisition under ASX Listing Rule 10.14

The Notice of Meeting must comply with either ASX Listing Rule 10.15 or 10.15A. It is proposed that this Notice of Meeting complies with ASX Listing Rule 10.15. The following disclosures are made for the purposes of ASX Listing Rule 10.15:

- the maximum number of options that will be issued to Mr Richards under this approval is 7,500,000;
- the price payable on the issue of the options is nil and, on exercise of the Options is the closing price of the Shares on the date of this Extraordinary General Meeting;

- no other Director nor their associates are entitled to participate in the CEO ESOP;
- no options have previously been issued under this CEO ESOP;
- there is no loan proposed in relation to the issue of Options to Mr Richards;
- details of the voting prohibition statement applicable to the Resolution is set out below; and
- if approved, it is expected the Options will be issued to Mr Richards as soon as reasonably practicable following the Extraordinary General Meeting (and in any event no later than 12 months after the Extraordinary General Meeting).

5. Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of the Resolution.

The issue of these options represent the long term incentive component of Mr Richard's remuneration package. The issue of options is designed to incentivise Mr Richards in the setting and achievement of the Company's objectives by participating in the future growth and prosperity of the Company through share ownership. The equity nature of the program aims to ensure that there is alignment in the interests and behaviour of Mr Richards with those of Shareholders and also to ensure that the Company retains the services of Mr Richards.

The Directors consider the issue of options are a cost effective and efficient reward and incentive as opposed to alternative forms of incentives, such as cash compensation. In addition, the options have been structured as a long term incentive by setting a period of four years before the first tranche of options can be exercised. The option package was reviewed by an independent external remuneration consultant.

The Board considers that the issue of Options to Mr Richards in these circumstances to be appropriate and reasonable and recommends you vote in favour of the Resolution.

Voting Prohibition Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast on the Resolution by Mr Richards and any of his associates.

However, subject to the provisions of section 250BD of the Corporations Act, the Company need not disregard a vote if:

- a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxy Prohibition Statement

In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on the Resolution if:

- a) the proxy is either:
 - (i) a member of a KMP; or
 - (ii) a Closely Related Party of a member of KMP; and
- b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- c) the proxy is the chairperson of the Meeting; and
- d) the chairperson's appointment expressly authorises the chairperson to exercise the proxy even though the resolution is connected with the remuneration of a member of KMP.

Please note that persons referred to in paragraph (a), other than the chairperson, cannot vote on the Resolution as proxy unless given voting directions on the proxy form. Please direct your proxy how to vote by crossing the 'For', 'Against' or 'Abstain' box for the Resolution on the proxy form. If the chairperson has been appointed as your proxy, he cannot vote on the Resolution in the absence of directions on how to vote unless you specifically authorise him to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of KMP. Please authorise the chairperson to do so by crossing the relevant box in the 'Important for Resolution' section on the proxy form.

QUERIES

The Directors recommend that all Shareholders consider very carefully all the information set out in this Explanatory Memorandum before deciding how to vote on the Resolution.

If after reading the Notice of Meeting and the Explanatory Memorandum, you have any queries about the meeting, the Resolution to be put to the meeting or the nature of the proposals being considered, please contact the Company Secretary at Mayne Pharma Group Limited on (03) 8614 7705.

GLOSSARY

AEDT means Australian Eastern Daylight Time.

ASX means ASX Limited ACN 008 624 691 or, as the context requires, the financial market operated by it.

ASX Listing Rules means the listing rules of the ASX.

Board means the board of Directors of the Company.

Closely Related Party means, in relation to a member of a KMP, any of the following:

- a spouse, child or dependant of the member;
- a child or dependant of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence, or be influenced by, the member in the member's dealings with the Company;
- a company the member controls; or
- a person prescribed by regulations (as at the date of this notice, no additional persons have been prescribed by regulation).

Company or Mayne Pharma means Mayne Pharma Group Limited ACN 115 832 963.

Corporations Act means Corporations Act 2001.

Directors mean the directors of the Company and Director means any of them.

Explanatory Memorandum means the explanatory memorandum that accompanies, and is incorporated as part of, this Notice of Meeting.

Extraordinary General Meeting means the extraordinary general meeting of the Company to be held at Minter Ellison, Level 23, 525 Collins Street Melbourne 3000 on 27 January 2012 at 11.30am (AEDT).

KMP means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly. Members of key management personnel include its directors and certain senior executives.

Meeting means the extraordinary general meeting of the members of the Company convened by this Notice.

Notice of Meeting means this Notice of Extraordinary General Meeting and the accompanying Explanatory Memorandum.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of at least one Share.

Mayne Pharma Group Limited

ABN 76 115 832 963

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

000001 000 MYX
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

For your vote to be effective it must be received by 11:30 am (AEDT) on Wednesday 25 January 2012

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Mayne Pharma Group Limited hereby appoint

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Extraordinary General Meeting of Mayne Pharma Group Limited to be held at Minter Ellison Lawyers Rialto Towers, Level 23, 525 Collins Street, Melbourne on Friday, 27 January 2012 at 11:30 am (AEDT) and at any adjournment of that meeting.

Important for Item 1: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Item 1 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Item 1 and your votes will not be counted in computing the required majority if a poll is called on this Item. The Chairman of the Meeting intends to vote undirected proxies in favour of item 1 of business.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2

Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Business

Item 1 Issue of Options to Managing Director

For

Against

Abstain

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date

/ /

MYX

999999A

Computershare