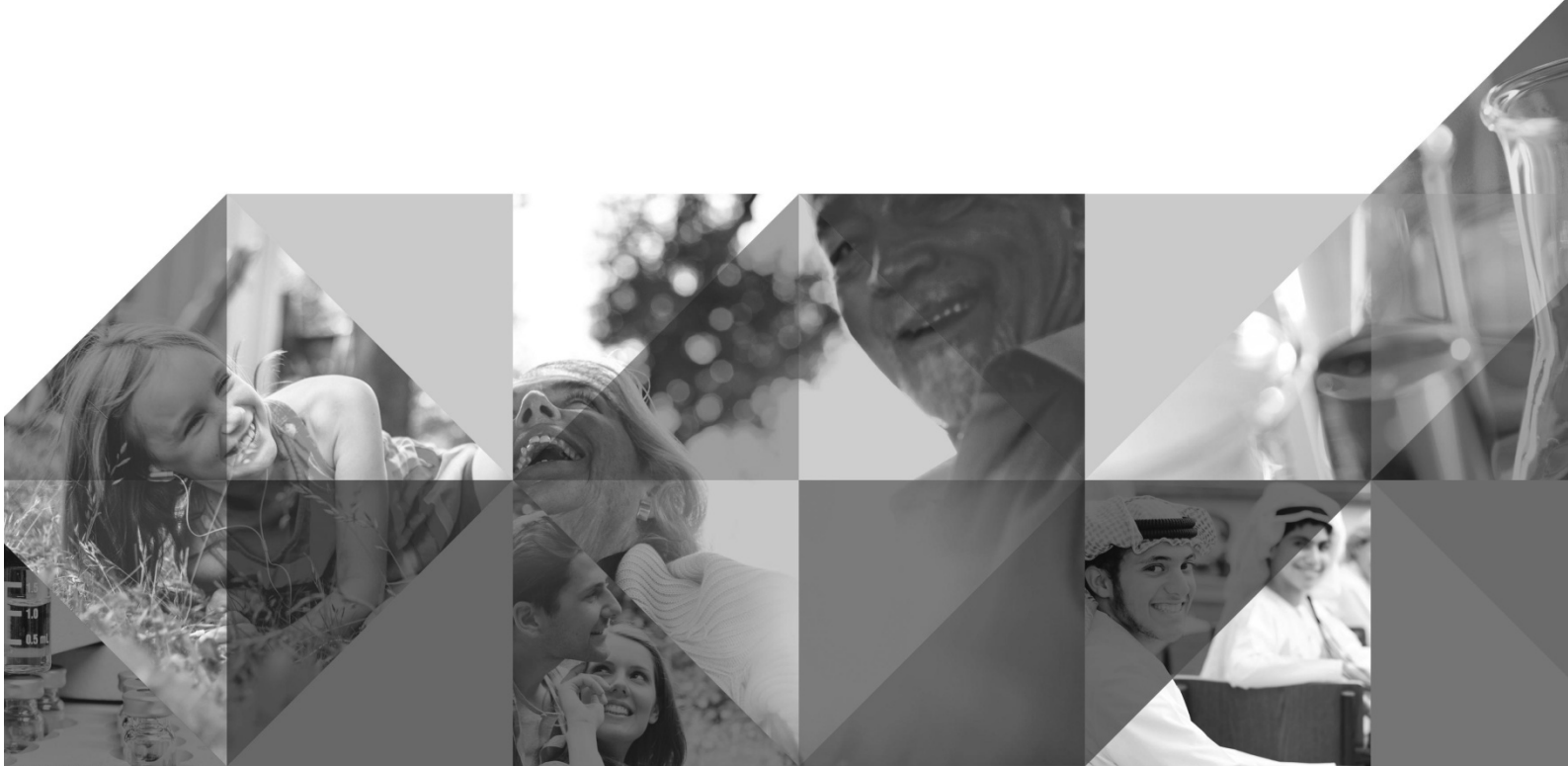




## NOTICE OF ANNUAL GENERAL MEETING 2013

Mayne Pharma Group Limited  
ACN 115 832 963

Date: 26 November 2013  
Time: 10.30am  
Place: Minter Ellison, Level 23  
525 Collins Street  
Melbourne, Victoria 3000

## NOTICE OF ANNUAL GENERAL MEETING

An annual general meeting of shareholders of Mayne Pharma Group Limited (**Company**) will be held at the office of Minter Ellison, Level 23, 525 Collins Street, Melbourne, Victoria, 3000 at 10.30am (Melbourne time) on Tuesday, 26 November 2013.

### Business

1. **Financial statements and reports**  
To receive and consider the Directors' Report, Financial Statements and the Independent Auditor's Report for the year ended 30 June 2013.

2. **Election of Directors**

#### Resolution 1 – Re-election of Mr Bruce Mathieson

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

*'That Mr Bruce Mathieson, who retires by rotation, being eligible and having signified his candidature for office, be and is re-elected as a Director.'*

#### Resolution 2 – Re-election of Mr Ian Scholes

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

*'That Mr Ian Scholes, who retires by rotation, being eligible and having signified his candidature for office, be and is re-elected as a Director.'*

3. **Remuneration report**

#### Resolution 3 – Remuneration Report (Non-binding advisory vote)

To consider and, if thought fit, pass the following non binding resolution:

*'That the Remuneration Report that forms part of the Directors' Report of the Company for the financial year ended 30 June 2013 be adopted.'*

*Note: This resolution is advisory only and does not bind the Company.*

4. **Employee share option plan**

#### Resolution 4 – Amend option terms of Mr Scott Richards

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

*'That, for the purpose of ASX Listing Rule 6.23.4 and for all other purposes, approval be given to amend the terms of 7,500,000 options to subscribe for shares in the Company issued to Mr Scott Richards as described in the explanatory memorandum accompanying and forming part of this Notice of Meeting.'*

*Note: Refer to voting exclusions on this resolution.*

#### Resolution 5 – Amend option terms of Mr Mark Cansdale

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

*'That, in accordance with the waiver granted by ASX from ASX Listing Rule 6.23.3 and for all other purposes, approval be given to amend the terms of 1,500,000 options to subscribe for Shares in the Company issued to Mr Mark Cansdale as described in the explanatory memorandum accompanying and forming part of this Notice of Meeting.'*

*Note: Refer to voting exclusions on this resolution.*

#### Resolution 6 – Amend option terms for holders of unvested options

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

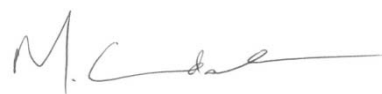
*'That, for the purpose of ASX Listing Rule 6.23.4 and for all other purposes, approval be given to amend the terms of 26,300,000 options to subscribe for Shares in the Company issued to certain employees as described in the explanatory memorandum accompanying and forming part of this Notice of Meeting.'*

*Note: Refer to voting exclusions on this resolution.*

By order of the Board

Dated 22 October 2013

Signed



Mark Cansdale  
Company Secretary

## PROXIES AND SHAREHOLDER INFORMATION

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

### Proxies

1. 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.
2. 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.
3. The proxy form must be signed by the Shareholder or their attorney. Proxies given by corporations must be signed by a director and company secretary or two directors or a sole director/secretary or its duly authorised attorney.
4. Proxy forms and any authorities (or certified copies of those authorities) under which they are signed must be delivered in person, by mail, by fax or electronically to the Company's Share Registry (see details below) no later than 48 hours before the meeting, being 10.30am 24 November 2013. Further details are contained on the proxy form.
5. Relevant custodians may lodge their proxy forms online by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com).
6. If the proxy form is signed but is blank in all other material respects, it will be taken to mean that it is in favour of the Chairman of the meeting for full voting rights and the Chairman will vote in favour of the item on a poll.
7. A proxy may decide whether to vote on any motion, except where the proxy is required by law, the ASX Listing Rules or the Constitution 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 they think fit.
8. Amendments to the *Corporations Act 2001 (Cth)* (**Corporations Act**) have been made recently which apply to proxy voting. 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:
  - (a) if proxy holders vote, they must cast all directed proxies as directed; and
  - (b) any directed proxies which are not voted will automatically default to the Chairman of the meeting, who must vote as the proxies as directed.
9. A proxy form accompanies this Notice of Meeting.
10. The proxy form accompanying this Notice contains detailed instructions regarding how to complete the proxy form if a Shareholder wishes to appoint the Chairman as his or her proxy. You should read those instructions carefully.
11. By appointing the Chairman of the meeting as your proxy in relation to Resolution 3 you expressly authorise the Chairman to vote in favour of Resolution 3 unless:
  - (a) you direct the Chairman to vote against or to abstain from voting on the resolution; or
  - (b) you are a member of the KMP.
12. The Chairman of the meeting intends to exercise all available proxies by voting in favour of resolutions 1, 2, 3, 4, 5 and 6.
13. Proxies may be lodged with Company:
  - (a) by mail, to Computershare Investor Services Pty Limited, using the enclosed reply envelope to:
 

**Postal address**  
GPO Box 242  
Melbourne VIC 3001
  - (b) by facsimile:
    - (within Australia) 1800 783 447
    - (outside Australia) +61 3 9473 2555
  - (c) online at [www.investorvote.com.au](http://www.investorvote.com.au). To log in you will need your 6 digit Control Number as well as your Holder Identification Number or Security Reference Number which are shown on your proxy form.
14. Enquiries can be made at 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am and 5.30pm (Melbourne time), Monday to Friday.

### Entitlement to vote

15. The Company has determined that a person's entitlement to vote at the Annual General Meeting will, in accordance with the Corporations Act, be the entitlement of that person set out in the register of Shareholders as at 7:00 pm Sunday, 24 November 2013. This means that any Shareholder registered at 7:00 pm

on Sunday, 24 November 2013 is entitled to attend and vote at the Annual General Meeting.

#### Voting in Person or by attorney

16. Shareholders or their attorneys wishing to vote in person should attend the Annual General Meeting. Persons are asked to arrive at least 30 minutes prior to the commencement of the Annual General Meeting so that their Shareholding may be checked against the relevant register and their attendance noted.
17. Attorneys should bring with them the original or a certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting, unless it had already been provided to Computershare Investor Services Pty Limited.

#### Voting by corporate representative

18. Corporate Shareholders or corporate proxies voting by corporate representatives should:
  - (a) obtain an appointment of corporate representative from Computershare Investor Services Pty Limited;
  - (b) complete and sign the form in accordance with the instructions on it; and
  - (c) bring the completed and signed form with them to the relevant meeting.

## EXPLANATORY INFORMATION

### 1. Financial statements and reports

At the Annual General Meeting, Shareholders will be given an opportunity to ask questions and comment on the Directors' Report, Financial Statements and Independent Auditor's Report for the financial year ended 30 June 2013.

Shareholders who have elected not to receive a hard copy of the Company's 2013 Annual Report, can view or download a copy from the Company's website at [www.maynepharma.com](http://www.maynepharma.com).

The Company's auditor will be present at the meeting and be available to answer questions as to the conduct of the audit and the auditor's report.

Shareholders should note that the sole purpose of tabling the Directors' Report, Financial Statements and Independent Auditor's Report of the Company at the Annual General Meeting is to provide Shareholders with the opportunity to ask questions or discuss matters arising from them. It is not the purpose of the meeting that the Directors' Report, Financial Statements and Independent Auditor's Report be accepted, rejected or modified in any way. Further, as it is not required by the Corporations Act, no resolution to adopt, receive or consider the Company's Directors' Report, Financial Statements and Independent Auditor's Report will be put to Shareholders at the meeting.

### 2. Election of Directors – Resolutions 1 and 2

Under rule 3.6 of the Company's constitution, at each annual general meeting one third (or if that is not a whole number, the whole number nearest to one third) of the Company's directors (excluding Mr Scott Richards, the CEO and Managing Director) must retire from office and seek re-election.

#### Resolution 1 – Bruce Mathieson

Resolution 1 seeks approval for the re-election of Mr Bruce Mathieson as a Director with effect from the end of the Annual General Meeting.

The Board appointed Mr Bruce Mathieson as a director of the Company on 16 February 2007.

Mr Bruce Mathieson is currently a Director and was the Chief Executive Officer of Australian Leisure and Hospitality Group Limited, a joint venture between Woolworths Limited and the Mathieson Family. The ALH Group owns approximately 325 hotels and 520 retail outlets across Australia, and employs more than 15,000 staff. Mr Mathieson has operated in the hotel, leisure and hospitality industry since 1974 and is a well-respected member of the Australian business community. He has previously served as a director of the Carlton Football Club. He is trained as an engineer,

and brings management and transactional experience from across a number of industries to the Board.

### Resolution 2 – Ian Scholes

Resolution 2 seeks approval for the re-election of Mr Ian Scholes as a Director with effect from the end of the Annual General Meeting.

The Board appointed Mr Ian Scholes as a director of the Company on 17 October 2007.

Mr Ian Scholes has extensive financial and corporate advisory experience, both in Australia and internationally. Mr Scholes has held senior roles within Merrill Lynch Australia, most recently as Vice Chairman of Investment Banking. Previously Mr Scholes has held the position of Executive General Manager at National Australia Bank Limited running their corporate and institutional banking division. Mr Scholes is currently a partner and Chief Executive Officer of Chord Capital Pty Ltd. Mr Scholes has previously held positions on the Board of St Vincent's Health, as Chairman of the St Vincent's Foundation and was a former director of SDI Limited.

The non candidate Directors unanimously recommend that Shareholders vote in favour of Resolutions 1 and 2.

### 3. Remuneration Report – Resolution 3

The Board submits its Remuneration Report to Shareholders for consideration and adoption by way of non-binding resolution.

In accordance with section 250R(2) of the Corporations Act, the Remuneration Report is put to Shareholders for adoption. The vote on the resolution for adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, under the Corporations Act, if at least 25% of the votes cast on the resolution at the Annual General Meeting are against adoption of the report, then:

- (a) if comments are made on the report at the Annual General Meeting, the Company's Remuneration Report for the financial year ending 30 June 2014 will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- (b) if, at the Company's 2014 annual general meeting, at least 25% of the votes cast on the resolution for adoption of the Remuneration Report for the relevant financial year are against its adoption, the Company will be required to put to Shareholders a resolution proposing that a general meeting (**Spill Meeting**) be called to consider the election of directors of the Company (**Spill Resolution**). The Spill Meeting must be held within 90 days of the date of the 2014 annual

general meeting. For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all of the Directors (other than the Managing Director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

The Remuneration Report forms part of the Directors' Report of the Company's 2013 Annual Report, made in accordance with a unanimous resolution of the Directors. The Remuneration Report:

- (a) explains the Board's policy for determining the nature and amount of remuneration of a member of the Company's KMP details of whose remuneration is included in the Remuneration Report for the year ended 30 June 2013;
- (b) sets out remuneration details for the KMP;
- (c) details and explains any performance conditions applicable to the remuneration of KMP of the Company; and
- (d) provides an explanation of share based compensation payments for each member of the KMP of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

Each of the Directors recommends the report to Shareholders for adoption.

### Voting Exclusion Statement

The Company will disregard any votes cast on the proposed resolution for adoption of the remuneration report by or on behalf of:

- (a) a KMP; or
- (b) a Closely Related Party of a KMP,

whether the votes are cast as a shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote cast by a KMP or Closely Related Party of a KMP if it is cast as a proxy and it is not cast on behalf of a KMP or a Closely Related Party of a KMP and either:

- (c) the proxy is appointed by writing that specifies how the proxy is to vote on the resolution proposed in Resolution 3; or
- (d) the proxy is the chair of the meeting and the appointment of the chair as proxy does not specify the way the proxy is to vote on Resolution 3 and expressly authorises the chair to exercise the proxy even if the resolution is connected

directly or indirectly with the remuneration of a KMP of the Company (or the Group).

### Important for Resolution 3

**If you are KMP or a Closely Related Party of KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.**

## 4. Approval of amendment of option terms - Resolutions 4, 5 and 6

### Resolution 4 – Scott Richards

On 27 January 2012, Shareholders approved the issue of 7,500,000 unquoted options to Scott Richards (Options) under the Chief Executive Offer (CEO) share option plan (CEOSOP).

Under the CEOSOP, the Options vest and are entitled to be exercised subject to the Company satisfying certain hurdles or conditions, which are connected to the Company's share price.

Since the issue of the Options to Mr Richards, the Company's issued capital has increased from 152,153,044 Shares to 563,459,968 Shares, primarily to provide funding for the acquisitions of Metrics, Inc. and Kapanol®.

The Board considers that these acquisitions have enhanced the value of the Company and its operations. This is reflected in the increase in market capitalisation of the Company to more than \$390 million and its recent inclusion in the ASX300.

As a result of the increased number of Shares on issue since the original grant date of the Options, the Company is seeking Shareholder approval to amend the terms of the CEOSOP to account for the dilutive effects of the various capital raisings. The Board believes that the changes proposed in this Resolution 4 are necessary and equitable.

The Company has engaged remuneration consultant 3 degrees consulting to review the terms of the CEOSOP and recommend appropriate amendments to the hurdles and conditions set out in the CEOSOP.

The Company has reviewed the findings of the remuneration consultant and reached the recommendations set out below.

### Share price hurdles

The Options become exercisable where certain absolute Share price hurdles are met over two, three and four year performance periods.

In December 2012 the Company announced that the Board had adjusted the exercise price of unquoted options issued to certain Directors (including the CEO) in accordance with the formula set out in the ASX Listing Rule 6.22 to take into account the dilutive impact of the discounted pro-rata accelerated non-renounceable entitlement offer of new Shares announced in October 2012 to partly fund the acquisition of Metrics, Inc. This resulted in a reduction of the exercise price per Option that the CEO must pay to acquire Shares should his Options vest from \$0.345 to \$0.2608.

The CEOSOP and the ASX Listing Rules do not, however, provide for any change in the applicable Share price hurdles as a result of the Company's recent significant capital raisings. The original targets applicable to the Options which were approved by Shareholders on 27 January 2012 are set out below. In addition, the table below also sets out the amount of shareholder value (market capitalisation) that would have been generated if these targets were met:

|                              | Share price hurdles | Testing Date  | Increase in market capitalisation from December 2011 |
|------------------------------|---------------------|---------------|------------------------------------------------------|
| Tranche 1: 1,500,000 Options | \$1.00              | February 2014 | +\$82 million                                        |
| Tranche 2: 2,500,000 Options | \$1.50              | February 2015 | +\$158 million                                       |
| Tranche 3: 3,500,000 Options | \$2.50              | February 2016 | +\$310 million                                       |

Given the Company's recent significant capital raisings, the original Share price hurdles now represent much greater challenges than agreed or envisaged at the time of the appointment of Scott Richards as CEO. For example, for the Tranche 3 Options to vest the Company would need to increase its market capitalisation to \$1.4 billion. Notwithstanding the capital raised from the Share issues, this far exceeds the capitalisation of \$380 million originally agreed between the CEO and the Board at the time he joined the Company.

Accordingly, the Board seeks Shareholder approval to adjust the Share price hurdles applicable to the Options. While the Board seeks Shareholder approval to adjust these targets, it is not with the intent of making them easier to achieve. The Board has applied a

mathematical formula to adjust each of the Share price hurdles to take into account the dilutive effect of the Company's recent significant capital raisings. The formula applied was derived using the principles of the formula set out in ASX Listing Rule 6.22.

In applying this adjustment consistently to each Share price hurdle, the Board proposes amending the Share price hurdles for each tranche to \$0.74, \$0.98 and \$1.29 respectively.

While the Board notes that these are significant changes, the Company has increased the number of Shares on issue by more than 300% since the issue of the Options.

The increases in market capitalisation required since the announcement of the CEO's appointment in December 2011 (at which time the market capitalisation was approximately \$70 million) in order for the Options to vest (applying the proposed revised Share price hurdles) is summarised below:

| New hurdles                  | New Share price hurdles | Testing Date  | Increase in market capitalisation from December 2011 |
|------------------------------|-------------------------|---------------|------------------------------------------------------|
| Tranche 1: 1,500,000 Options | \$0.74                  | February 2014 | +\$340 million                                       |
| Tranche 2: 2,500,000 Options | \$0.98                  | February 2015 | +\$480 million                                       |
| Tranche 3: 3,500,000 Options | \$1.29                  | February 2016 | +\$650 million                                       |

The Board believes that these continue to represent challenging and appropriate targets that will, if met, deliver substantial returns to Shareholders over the relevant option period. For the Tranche 3 Options to vest, the Company would need to increase its market capitalisation to \$726 million (compared to the \$380 million originally required).

The Board is also seeking Shareholder approval to amend the terms of the CEOSOP to provide the Board with a discretion to further adjust the Share price hurdles applicable to the Options in a manner consistent with the adjustments proposed in this Resolution 4 should any further capital raisings be undertaken by the Company.

### Additional Service Condition

The CEOSOP includes a service condition that has to be served in addition to achieving the Share price hurdles before any Options can be exercised.

On the basis that the Options already have two, three and four year performance periods and that the Board is considering implementing annual LTI grants (which will have a three year performance period) for the CEO from the 2014 annual general meeting onwards, the Board is seeking Shareholder approval to remove the additional service period in relation to Tranches 2 and 3 of the Options. The Board also proposes to reduce the service period for Tranche 1 to one year, so that the Tranche 1 Options will become exercisable if the Share price hurdle is met from February 2015 onwards.

In order to ensure that the CEO continues to retain a significant personal shareholding in the Company following vesting of the Options, the Board and the CEO have agreed that from the time that the Options first become exercisable, the CEO is required to hold a minimum number of Shares in the Company equal in value to one year's base salary (that is currently \$500,000).

### Takeovers

The CEOSOP provides that in the event of a successful takeover of the Company, the Options automatically vest to the extent that the offer price for Shares in the takeover offer exceeds the relevant Share price hurdles. The Company seeks Shareholder approval to provide the Board with a discretion in all other circumstances and in relation to future grants of options to the CEO to determine whether and to what extent the Options should vest in the event of a takeover offer, having regard to what the Board considers fair and equitable in the circumstances and having regard to the interests of Shareholders.

ASX Listing Rule 6.23.4 requires a listed company to obtain shareholder approval to a change affecting options.

Each of the Directors (other than Scott Richards) recommends that Shareholders vote in favour of Resolution 4.

### Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 4 by any recipient of the options being Scott Richards and/or his nominees (**Persons**) or any associate of those Persons. However, 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

- (a) 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.

#### Resolution 5 – Mark Cansdale

On 25 July 2011, the Company issued 1,500,000 unquoted options to the Group Chief Financial Officer, Mark Cansdale, as part of his remuneration under the Company's existing employee share option plan (**ESOP**). These options do not vest until 2014.

On 4 October 2012, the Company announced an underwritten pro-rata accelerated non-renounceable entitlement offer of new ordinary shares in the Company (**Entitlement Offer**).

Under the ASX Listing Rules, if a company undertakes a pro-rata issue (such as the Entitlement Offer), the exercise price of any existing options may be reduced according to the formula set out in ASX Listing Rule 6.22, provided that the reduction is contemplated in the terms or rules under which the options were issued.

Following the Entitlement Offer, the Company announced on 7 December 2012 that in accordance with Listing Rule 6.22, the exercise price of unquoted options issued was to be reduced by \$0.0842. However, under the terms of the ESOP, the adjustment formula does not apply to *unvested* options, so the exercise price of Mr Cansdale's options was not automatically reduced.

ASX Listing Rule 6.23.3 states that a change to options terms which has the effect of reducing the exercise price cannot be made. As a result, the Company applied to ASX for a waiver of ASX Listing Rule 6.23.3 on the basis that there is no logical reason to distinguish between *vested* and *unvested* options when applying the formula.

The Company considers that it is unreasonable and unfair to make such a distinction. Accordingly, the restriction in the ESOP in relation to the adjustment of the exercise price applying only to *vested* options was an unintended and inadvertent oversight and the Company believes that the Group Chief Financial Officer should not be disadvantaged by it.

ASX granted a waiver of ASX Listing Rule 6.23.3 to the extent necessary to permit the Company to reduce the exercise price of the 1,500,000 options issued to Mr Cansdale by \$0.0842 as a result of the Entitlement Offer, on condition that the Company obtains the approval Shareholders for the amendment.

Each of the Directors recommends that Shareholders vote in favour of Resolution 5.

#### Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 5 by any recipient of the options being Mark Cansdale and/or his nominees (**Persons**) or any associate of those Persons. However, 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.

#### Resolution 6 – Employees with unvested options

Since the Entitlement Offer and as at the date of this Notice of Meeting, the Company has issued the following unquoted options to certain employees under the ESOP that are yet to vest:

| Date      | Number of options issued under ESOP                                                                                                        |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------|
| 1/1/2013  | 2,000,000 options to the Company's President of Generic Products at an exercise price of \$0.25, expiring on 15 March 2016                 |
| 11/1/2013 | 14,300,000 options were issued to 45 members of the US management team at an exercise price of \$0.33, expiring on 12 January 2019.        |
| 25/1/2013 | 8,000,000 options were issued to 20 members of the Australian management team at an exercise price of \$0.33, expiring on 26 January 2019. |
| 1/7/2013  | 1,000,000 options were issued to a new Executive at an exercise price of \$0.43, expiring 1 July 2019.                                     |
| 2/7/2013  | 1,000,000 options were issued to a new Executive at an exercise price of \$0.41, expiring 6 May 2019.                                      |

As noted above, under the ASX Listing Rules, if a company undertakes a pro-rata issue (such as the Entitlement Offer), the exercise price of any existing options may be reduced according to the formula set out in ASX Listing Rule 6.22, provided that the reduction is contemplated in the terms or rules under which the options were issued. However, under the terms of the ESOP, the adjustment formula does not apply to

*unvested* options, so the exercise price of the options in the table above would not automatically reduce in the event the Company undertakes a future pro-rata issue.

As noted under Resolution 5, the Company considers that it is unreasonable and unfair to make a distinction between *vested* and *unvested* options when applying the formula. Accordingly, the restriction in the ESOP in relation to the adjustment of the exercise price applying only to *vested* options was an unintended and inadvertent oversight and the Company believes that the employees holding the options described in the table above should not be disadvantaged by it in the event the Company undertakes a pro-rata issue.

ASX Listing Rules 6.23.4 requires a listed company to obtain shareholder approval to a change affecting options.

As such, the Board is seeking shareholder approval to amend the terms of the options listed above to enable the exercise prices of the options to be reduced in accordance with ASX Listing rule 6.22 in the event of any future pro-rata issues.

The Board has amended clause 8.2 of the terms of the ESOP so that this anomaly identified above will not effect any options issued by the Company in future. Each of the Directors recommends that Shareholders vote in favour of Resolution 6.

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on Resolution 6 by any recipient of the options and/or their nominees (**Persons**) or any associate of those Persons. However, 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.

#### **5. Board Recommendation**

You are urged to consider carefully all of this material, determine how you wish to vote and cast your vote accordingly.

The Board unanimously recommends that Shareholders vote in favour of all Resolutions.

## GLOSSARY

In this booklet:

**Annual General Meeting or Meeting** means the annual general meeting of the Company to be held on 26 November 2013 at 10.30am at Minter Ellison, Level 23, 525 Collins Street, Melbourne, Victoria, 3000.

**Annual Report** means the annual report of the Company in respect of the financial year ending 30 June 2013.

**Board** means the board of directors of the Company or, where the relevant powers or authorities delegated by the board to a sub committee of the board, that sub committee.

**Chairman** means the chairman of the Board.

**Closely Related Party** means any of the following:

- (a) a spouse, child or dependant of the member;
- (b) a child or dependant of the member's spouse;
- (c) 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;
- (d) a company the member controls; or
- (e) a person prescribed by regulations (as at the date of this notice, no additional persons have been prescribed by regulation)

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

**Constitution** means the constitution of the Company.

**Corporations Act** means the *Corporations Act 2001 (Cth)* and includes any regulations made under that Act and any exemption or modification to that Act which applies to the Company.

**Director** means a director of the Company as at the date of this Explanatory Memorandum.

**Explanatory Memorandum** means the explanatory memorandum attaching to and forming part of the Notice of Meeting.

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

**Notice of Meeting** means this notice of meeting and Explanatory Memorandum.

**Resolution** means a resolution referred to in this Notice of Meeting.

**Share** means a fully paid ordinary share in the Company.

**Shareholder or Member** means a holder of at least one Share.



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

## Lodge your vote:



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## Proxy Form



### Vote and view the annual report online

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Follow the instructions on the secure website to vote.



### Your access information that you will need to vote:

**Control Number: 999999**

**SRN/HIN: I9999999999 PIN: 99999**

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



**For your vote to be effective it must be received by 10:30am (Melbourne time) on  
Sunday, 24 November 2013**

### 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 for Postal Forms

**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](http://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.

**GO ONLINE TO VOTE,  
or turn over to complete the form** ➔

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

IND

# 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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Mayne Pharma Group Limited to be held at Minter Ellison, Level 23, 525 Collins Street, Melbourne, Victoria, 3000 at 10.30am (Melbourne time) on Tuesday, 26 November 2013 and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on resolution 3 (except where I/we have indicated a different voting intention below) even though resolution 3 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on resolution 3 by marking the appropriate box in step 2 below.

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.

|              |                                                    | For                      | Against                  | Abstain                  |
|--------------|----------------------------------------------------|--------------------------|--------------------------|--------------------------|
| Resolution 1 | Re-election of Mr Bruce Mathieson                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Re-election of Mr Ian Scholes                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Remuneration Report (Non-binding advisory vote)    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Amend option terms of Mr Scott Richards            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Amend option terms of Mr Mark Cansdale             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 | Amend option terms for holders of unvested options | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote all available proxies in favour of each resolution.

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 / /