

# SUPPLEMENTARY PROSPECTUS

**Pharmanet Group Limited**  
**ABN 98 006 640 553**

## **Important Notice**

This Supplementary Prospectus has been issued by Pharmanet Group Limited ("**Pharmanet**" or the "**Company**"), is dated 9 September 2011 and was lodged with the Australian Securities and Investment Commission ("**ASIC**") on that date. This Supplementary Prospectus supplements the Prospectus dated 6 September 2011 ("**Prospectus**") issued by Pharmanet and lodged with ASIC on that date.

This Supplementary Prospectus is supplementary to, and must be read in conjunction with, the Prospectus. ASIC and ASX Limited ("**ASX**") take no responsibility for the contents of this Supplementary Prospectus and the Prospectus.

Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail.

The Prospectus and this Supplementary Prospectus should be read in their entirety before deciding to invest in the securities offered by the Prospectus. The Directors consider an investment in the securities offered by the Prospectus to be speculative and recommend that you should consult your legal, financial or other professional adviser if you do not fully understand the contents.

Other than the changes set out below, all other details in relation to the Prospectus remain unchanged.

This Supplementary Prospectus will be issued with the Prospectus and an electronic version of these documents may be downloaded from the website of the Company at [www.pharmanet.com.au](http://www.pharmanet.com.au).

## **Amendment of the Prospectus**

The following sections of the Prospectus are hereby amended as follows:

### **Section 1.3 Underwriting**

- *The paragraph under section 1.3 is hereby deleted in its entirety and replaced with the following paragraph.*

This issue is fully underwritten by Cunningham Peterson Sharbanee Securities Pty Ltd ABN 73 088 055 636 ("**CPS Securities**"). A summary of the underwriting agreement is set out in section 6 of the Prospectus. The underwriting agreement provides for the appointment of sub-underwriters. The Underwriter is responsible for the payment of any sub-underwriting fees.

If Shareholders do not take up their Entitlement, neither the Underwriter nor any of its sub-underwriters will hold that number of Shares and Options, which (following conversion of the Options) will give them a holding that exceeds 20% of the issued share capital of the Company.

## Section 2.1 Purpose of the Issue

- *The table under section 2.1 is hereby deleted in its entirety and replaced with the table below:*

Proceeds of the issue	\$
Research and Development (new product lines and product extensions including trials and regulatory compliance, formulation and analytical developments including degradation and stability studies)	\$500,000
Business Development (intellectual property, licensing, promotion and market research)	\$400,000
Working Capital	\$261,857
Expenses of Offer	\$138,807
<b>Total</b>	<b>\$1,300,664</b>

## Section 6.2 Material Contracts

- *The first paragraph under the Underwriting Agreement is hereby deleted in its entirety and replaced with the paragraph below:*

Under an underwriting agreement dated 24 August 2011 ("**Underwriting Agreement**"), CPS Securities ("**Underwriter**") has agreed to underwrite the Offer. The Underwriter is free to arrange sub-underwriters at its discretion. Fees payable to the sub-underwriters are at the discretion of the Underwriter. The Underwriter is responsible for the payment of any sub-underwriting fees.

## Consents

This Supplementary Prospectus is authorised by the Company and is lodged with the ASIC pursuant to section 719 of the Corporations Act.

All Directors have consented in writing to this lodgement under the terms of Section 720 of the Corporations Act.

Dated 9 September 2011.



John Palermo

Chairman

**Pharmanet Group Limited**

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN OR  
INTO THE UNITED STATES, OR TO US PERSONS**

**PHARMANET GROUP LIMITED  
ABN 98 006 640 553**

**PROSPECTUS**

For a non-renounceable pro rata offer to Eligible Shareholders of approximately 260,132,802 New Shares at an issue price of \$0.005 per share on the basis of two (2) New Shares for every nine (9) Existing Shares held and 130,066,401 free attaching New Options on the basis of one (1) free attaching New Option for every two (2) New Shares subscribed for to raise up to \$1.30 million before issue costs

**LEAD MANAGER AND UNDERWRITER**

Cunningham Peterson Sharbanee Securities Pty Ltd

ABN 73 088 055 636

**Important Notice**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

This Prospectus is dated 6 September 2011 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus. No Shares or Options will be allotted or issued on the basis of this Prospectus later than 12 months after the date of this Prospectus. The Company will apply to ASX for the Shares and Options to be granted quotation on ASX.

This Prospectus 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. Refer to **section 1.11** for treatment of overseas shareholders. Applications for Shares and Options offered pursuant to this Prospectus can only be submitted on an original Application Form which accompanies this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

This Prospectus including each of the documents attached to it and which form part of this Prospectus is important and should be read in its entirety prior to making an investment decision. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser.

In particular, it is important that you consider the risk factors (see **section 5** of this Prospectus) that could affect the performance of the Company before making an investment decision.

This Prospectus contains forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the mining industry as well as general economic conditions and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and such deviations are both normal and to be expected. You are cautioned not to place undue reliance on those statements. The forward looking statements in this Prospectus reflect views held only as at the date of this Prospectus.

Some words and expressions used in this Prospectus have defined meanings which are explained in **section 7**.

## **ELECTRONIC PROSPECTUS**

A copy of the Prospectus can be downloaded from the website of the Company at [www.pharmanet.com.au](http://www.pharmanet.com.au), or the website of ASX. Any person accessing the electronic version of the Prospectus for the purposes of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person the Application Form unless it is attached to a hard copy of the Prospectus or it accompanies the complete and unaltered version of the Prospectus. Any person may obtain a hard copy of the Prospectus free of charge by contacting the Company.

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## SUMMARY OF IMPORTANT DATES

Lodgement Date	6 September 2011
"Ex" date	9 September 2011
Record date to determine Entitlement	15 September 2011
Prospectus with Application Form dispatched	20 September 2011
Offer opens for receipt of Applications	20 September 2011
Closing date for acceptances	5 October 2011
Securities quoted on a deferred settlement basis	6 October 2011
Notify ASX of under subscriptions	10 October 2011
Allotment and issue of New Shares	13 October 2011
Dispatch of shareholding statements	13 October 2011
Trading of New Shares expected to commence	14 October 2011

This timetable is indicative only and subject to change. The Company reserves the right to vary the above dates, subject to the ASX Listing Rules and Corporations Act.

## LETTER FROM THE CHAIRMAN

6 September 2011

Dear Shareholder

On 27 July and later on 25 August 2011 the Company advised that it was proceeding with a non-renounceable pro rata offer to Eligible Shareholders of approximately 260,132,802 New Shares at an issue price of \$0.005 per share on the basis of two (2) New Shares for every nine (9) Existing Shares held and 130,066,401 free attaching New Options on the basis of one (1) free attaching New Option for every two (2) New Shares subscribed for to raise up to \$1.30 million before issue costs ("**Offer**"). The Company also advised that it was undertaking a placement of 160,000,000 shares to sophisticated investors to raise \$800,000 before issue costs ("**Placement**").

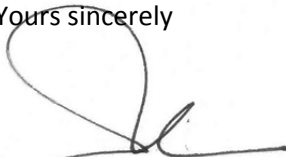
The Offer provides the opportunity for those investors who held Existing Shares as at the Record Date to participate in the Rights Issue.

The funds raised by the Rights Issue, the Placement and the issue of the Shares upon exercise of the Options are to be used to assist the Company in funding working capital, business development activities and additional research and development.

Please read this Prospectus carefully before deciding whether or not to invest. An investment in Pharmanet Group Limited contains specific risks which you should consider before making that decision. If there is any matter on which you require further information, you should consult your stockbroker, accountant or other professional advisor.

I look forward to your continuing support.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Palermo', with a large loop at the top and a horizontal line extending to the right.

John Palermo  
Chairman

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## **1 DETAILS OF THE OFFER**

### **1.1 The Issue**

A non-renounceable pro rata offer to Eligible Shareholders of approximately 260,132,802 New Shares at an issue price of \$0.005 per share on the basis of two (2) New Shares for every nine (9) Existing Shares held and 130,066,401 free attaching New Options on the basis of one (1) free attaching New Option for every two (2) New Shares subscribed for to raise up to \$1.30 million before issue costs.

### **1.2 No Minimum Subscription**

There is no minimum subscription for the Offer.

### **1.3 Underwriting**

This issue is fully underwritten by Cunningham Peterson Sharbanee Securities Pty Ltd ABN 73 088 055 636 (“**CPS Securities**”). A summary of the underwriting agreement is set out in **section 6** of the Prospectus.

### **1.4 Entitlement to Rights Issue**

Eligible Shareholders who are on the Company's Share Register at the close of business on the Record Date are eligible to participate in the Offer.

Fractional Entitlements will be rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements.

An Application Form setting out your Entitlement to New Shares and New Options accompanies this Prospectus.

### **1.5 Acceptances**

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period or close the Offer early.

Instructions for accepting your Entitlement are set out in **section 3** and on the Application Form which accompanies this Prospectus.

### **1.6 Rights Trading**

The Offer is non-renounceable. This means that the Rights of Eligible Shareholders to subscribe for New Securities under this Prospectus are not transferable and there will be no trading of Rights on ASX. Eligible Shareholders who choose not to take up their Rights will receive no benefit and their shareholding in the Company will be diluted as a result.

### **1.7 Shortfall**

A Shortfall will arise if the Applications received for New Shares under the issue are less than the number of New Shares offered.

The Directors reserve the right, subject to the requirements of the Listing Rules and the Corporations Act, to place any Shortfall Shares, at their absolute discretion, in consultation with the Lead Manager and Underwriter within 3 months after the Closing Date. Shortfall Shares will be issued at a price not less than the issue price of New Shares under the Rights Issue.

## **1.8 Applying for Additional New Securities**

Eligible Shareholders may, in addition to their Entitlement, apply for additional New Securities regardless of the size of their present holding.

Any Entitlements not taken up may become available as Additional New Securities which may be placed by the Company in conjunction with the Underwriter in accordance with the Underwriting Agreement. It is possible that there will be few or no Additional New Securities available for issue, depending on the level of take up of Entitlements by Shareholders. There is also no guarantee that in the event Additional New Securities are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

It is an express term of the Offer that applicants for Additional New Securities will be bound to accept a lesser number of Additional New Securities allocated to them than applied for. If a lesser number is allocated to them, excess application money will be refunded without interest. The Company reserves the right to scale back any applications for Additional New Securities as directed by the Underwriter in its absolute discretion.

## **1.9 Allotment and Application Money**

New Securities will be issued only after all Application Money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that New Securities will be issued on 13 October 2011 and normal trading of the New Securities on ASX is expected to commence on 14 October 2011.

All Application Money received before New Securities are issued will be held in a special purpose account. After Application Money is refunded (if required) and New Securities are issued to Applicants, the balance of funds in the account plus accrued interest will be received by the Company.

Application will be made within seven days of the date of issue of this Prospectus for the New Securities to be granted Official Quotation by ASX. If such an application is not made within these seven days, or Official Quotation of the New Securities is not granted by ASX within three months of the date of this Prospectus, then the Company will not allot or issue any New Securities and all Application Money received pursuant to this Prospectus will be repaid as soon as practicable, without interest.

If the New Securities are not quoted by ASX within three months after the date of this Prospectus, the Company will refund all Application Money in full.

The fact that ASX may agree to grant Official Quotation of the New Securities is not to be taken in any way as an indication of the merits of the Company or the New Securities. ASX takes no responsibility for the contents of this Prospectus.

## **1.10 Issue Outside Australia and New Zealand**

This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the Shares or the Issue or otherwise to permit an offering of the Shares in any jurisdiction outside Australia and New Zealand.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as

amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

#### **1.11 Treatment of Overseas Shareholders**

The Offer in this Prospectus is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia or New Zealand because of the small number of such Shareholders, and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand. The Prospectus is sent to those Shareholders for information only.

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). If you are an Eligible Shareholder and have a registered address in New Zealand but are no longer a Shareholder on the Opening Date, you will have no entitlement and may not accept the Offer being made under this Prospectus. Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any Shares.

Recipients may not send or otherwise distribute this Prospectus or the Application Form to any person outside Australia (other than to Eligible Shareholders).

#### **1.12 Market Prices of Existing Shares on ASX**

The highest and lowest market sale price of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the three months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	<b>3 months high</b>	<b>3 months low</b>	<b>Last Market Sale Price</b>
<b>Existing Shares</b>	\$0.011 on 26 June 2011	\$0.005 on 5 August 2011	\$0.006 on 5 September 2011

#### **1.13 Opening and Closing Dates**

The Offer will open for receipt of acceptances on 20 September 2011 and will close on 5 October 2011, subject to the right of the Company to vary these dates.

#### **1.14 CHESS**

The Company participates in the Clearing House Electronic Sub-register System (“**CHESS**”). ASC, a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules and the ASC Settlement Rules.

Under CHESS, applicants will not receive a certificate but will receive a statement of their holding of New Shares.

If you are broker sponsored, ASC will send you a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company’s share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESSE statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

**1.15 Rights and Liabilities attaching to the New Shares**

The New Shares will rank equally in respect of dividends and in all other respects (e.g. voting, bonus issues) as Existing Shares.

A summary of the rights and liabilities attaching to the New Shares is set out in **section 4**.

**1.16 Taxation Implications**

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Rights Issue or Shareholders applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Issue. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Issue.

**1.17 Notice to nominees and custodians**

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

**1.18 Enquiries**

Any queries regarding the Offer should be directed to John Palermo, Company Secretary on +61 8 9242 2999.

Any queries regarding the Entitlement and Acceptance Form should be directed to the Share Registry on +61 8 9315 2133.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

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## **2 PURPOSE AND EFFECT OF THE ISSUE**

### **2.1 Purpose of the Issue**

The purpose of the Issue is to raise up to approximately \$1.30 million before Issue costs.

The Directors intend to apply the proceeds from the Offer for the following purposes in accordance with the table set out below:

- working capital; and
- to fund Issue expenses.

The table assumes that Entitlements are taken up in full and that no Options are exercised.

<b>Proceeds of the Issue</b>	<b>\$</b>
Working capital, business development activities and additional research and development	1,161,857
Expenses of the Offer	138,807
<b>TOTAL</b>	<b>\$1,300,664</b>

In the event that circumstances change or other opportunities arise the Directors reserve the right to vary the proposed use of funds to maximise benefits to Shareholders.

### **2.2 Effect of the Issue and Pro Forma Statement of Financial Position**

The effect of the Issue will be (assuming no Options are exercised and Entitlements are taken up in full) that:

- (a) cash reserves will initially increase by approximately \$1.30 million (before costs); and
- (b) the number of Shares on issue will increase from 1,170,597,611 to 1,430,730,413.

### **2.3 Statement of Financial Position**

Set out below is the Consolidated Statement of Financial Position of the Company as at 30 June 2011 (unaudited), and the Consolidated Pro-Forma Statement of Financial Position as at 30 June 2011 (unaudited) assuming Minimum Subscription and Full Subscription on the basis of the assumptions detailed further. The significant accounting policies upon which the Statement of Financial Position and the Pro-Forma Statement of Financial Position are based are contained in the audit reviewed financial report for the 12 months ended 30 June 2010.

**PHARMANET GROUP LIMITED**  
**Pro-Forma Statement of Financial Position**

	UNAUDITED CONSOLIDATED 30 JUNE 2011 \$	UNAUDITED CONSOLIDATED PROFORMA \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	1,885,040	3,546,897
Other current assets	264,364	264,364
<b>TOTAL CURRENT ASSETS</b>	<b>2,149,404</b>	<b>3,811,261</b>
<b>NON CURRENT ASSETS</b>		
Plant and equipment	233,988	233,988
<b>TOTAL NON CURRENT ASSETS</b>	<b>233,988</b>	<b>233,988</b>
<b>TOTAL ASSETS</b>	<b>2,383,392</b>	<b>4,045,249</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	811,944	811,944
Interest bearing liabilities	1,360,000	1,360,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,171,944</b>	<b>2,171,944</b>
<b>TOTAL LIABILITIES</b>	<b>2,171,944</b>	<b>2,171,944</b>
<b>NET ASSETS</b>	<b>211,448</b>	<b>1,873,305</b>
<b>EQUITY</b>		
Issued capital	24,328,178	25,990,035
Reserves	1,159,152	1,159,152
Accumulated losses	(25,251,818)	(25,251,818)
Total parent equity interest	235,512	1,897,369
Non-controlling interest	(24,064)	(24,064)
<b>TOTAL EQUITY</b>	<b>211,448</b>	<b>1,873,305</b>

**Notes to the Proforma:**

Completion of raising \$500,000 of equity capital by the issue of 100,000,000 shares at an issue price of \$0.005 per share and completion of a non-renounceable rights issue raising \$1,300,664 (before issue costs totalling \$138,807) of equity capital by the issue of 260,132,802 new shares at the price of \$0.005 per share on the basis of 2 new shares for every 9 existing shares held plus 1 free attaching new option for every 2 new shares subscribed for, exercisable at \$0.0125 each on or before 30 June 2013.

## 2.4 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Issue is set out below, assuming that the Issue is fully subscribed.

### Capital Structure after Completion of Issue

Shares	
1,170,597,611	Shares quoted on ASX as at the date of this Prospectus
260,132,802	Shares issued pursuant to this Prospectus
1,430,730,413	Total issued Shares

Options	
4,000,000	Unlisted Options exercisable at \$0.015 on or before 31 December 2011
4,000,000	Unlisted Options exercisable at \$0.025 on or before 31 December 2011
3,550,000	Unlisted Options exercisable at \$0.01 on or before 31 December 2011
8,350,000	Unlisted Options exercisable at \$0.015 on or before 31 December 2012
4,000,000	Unlisted Options exercisable at \$0.01 on or before 31 December 2012
4,000,000	Unlisted Options exercisable at \$0.015 on or before 31 December 2013
130,066,401	Listed New Options issued pursuant to this Prospectus

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### **3 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS**

#### **3.1 What you may do**

As an Eligible Shareholder, you may:

- subscribe for all of your Entitlement (refer **section 3.2**);
- apply for Additional New Securities (refer **section 3.3**) or
- allow all or part of your Entitlement to lapse (refer **section 3.4**).

#### **3.2 To subscribe for all of your Entitlement**

If you wish to subscribe for all of your Entitlement, complete the accompanying Application Form in accordance with the instructions set out in that form. The Application Form sets out the number of New Securities you are entitled to subscribe for. The completed Application Form must be accompanied by a cheque or bank draft made payable to “Pharmanet Group Limited – Rights Issue” and crossed “Not Negotiable” for the appropriate Application Money in Australian dollars calculated at \$0.005 per New Share accepted, and received by the Company at either of the following addresses by no later than 5.00 pm (WST) on 5 October 2011. The Company will present the cheque or bank draft on or around the day of receipt of the Application Form. If a cheque is not honoured upon its first presentation, the Directors reserve the right to reject the relevant Application Form.

If the amount of your cheque(s) or bank draft(s) for Application Money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Securities you have applied for in your Application Form, you may be taken to have applied for such lower number of New Securities as your cleared Application Money will pay for (and to have specified that number of New Securities in your Application Form) or your Application may be rejected.

<b>By hand delivery:</b>	<b>By post:</b>
Pharmanet Group Limited C/- Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153	Pharmanet Group Limited C/-Security Transfer Registrars Pty Ltd PO Box 535 Applecross WA 6953

#### **3.3 To apply for Additional New Shares**

Eligible Shareholders may, in addition to their Entitlement, apply for Additional New Securities regardless of the size of their present holding. Refer to **section 1.8** if you wish to apply for Additional New Securities.

A single cheque should be used for the Application Money for your Entitlement and the number of Additional New Shares you wish to apply for as stated on the Application Form.

Alternatively, if you are paying by BPAY, refer to your personalised instructions on your Application Form. Shareholders who wish to pay by BPAY must ensure that payment is received by no later than 5.00 pm (WST) on 5 October 2011.

#### **3.4 Entitlements not taken up**

If you are a Shareholder and do not wish to accept all (or part) of your Entitlement, you are not obliged to do anything. You will receive no benefit or New Securities and your Entitlement will become Shortfall Shares.

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the back of the accompanying Application Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

The Company at the discretion of the directors and in conjunction with the Lead Manager and Underwriter will deal with any New Shares not accepted.

### **3.5 Application Form is binding**

A completed and lodged Application Form constitutes a binding offer to acquire New Securities on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn. If the Application Form is not completed correctly, it may still be treated as a valid application for New Securities. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Application Form is final.

By completing and returning your Application Form with the requisite Application Monies, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- agree to be bound by the terms of the Offer;
- declare that all details and statements in the Application Form are complete and accurate;
- declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Securities to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Application Form;
- declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Securities are suitable for you given your investment objectives, financial situation or particular needs; and
- acknowledge that the New Securities have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Securities 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 applicable securities laws in particular the US Securities Act.

If you have any queries concerning your entitlement or allocation, please contact:

**John Palermo, the Company Secretary**  
**Tel: +61 8 9242 2999 Fax: +61 8 9443 9960**  
or contact your stockbroker or professional adviser

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## 4 RIGHTS AND LIABILITIES ATTACHING TO NEW SECURITIES

The following is a summary of the more significant rights and liabilities attaching to New Securities to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

The rights attaching to the New Securities arise from a combination of the Company's Constitution, the Corporations Act, the ASX Listing Rules and general law. A copy of the Company's Constitution is available for inspection free of charge during business hours at its registered office.

### 4.1 Rights attaching to New Shares

The New Shares to be issued pursuant to this Prospectus are ordinary shares and will as from their allotment rank equally in all respects with all Existing Shares.

A summary of the rights attaching to the New Shares is set out below.

(a) Voting Rights

Subject to the Constitution of the Company and any rights or restrictions at the time being attached to a class of shares, at a general meeting of the Company every Shareholder present in person, or by proxy, attorney or representative has one vote on a show of hands, and upon a poll, one vote for each Share held by the Shareholder. In the case of an equality of votes, the chairperson has a casting vote.

(b) Dividends

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of Shares, the Company may from time to time pay dividends as the Directors resolve but only to the extent that:

- (i) the Company's assets exceed its liabilities by at least the amount of the dividend to be paid;
- (ii) it is fair and reasonable to the Company's Shareholders as a whole; and
- (iii) the payment of the dividend does not materially prejudice the Company's abilities to pay its creditors.

(c) Winding up

Subject to the Corporations Act, the ASX Listing Rules and any rights or restrictions attached to a class of shares, on a winding up of the Company any surplus may be divided among the shareholders of the Company.

(d) Transfer of Shares

Generally, shares are freely transferable, subject to satisfying the requirements of the ASX Listing Rules, ASC Settlement Rules and the Corporations Act. The Directors may decline to register any transfer of Shares but only where permitted to do so by the ASX Listing Rules, the ASC Settlement Rules, or under the Company's Constitution.

(e) Further Increases in Capital

Subject to the Corporations Act, the ASX Listing Rules, the ASC Settlement Rules and any rights attached to a class of shares, the Company (under the control of

the Directors) may allot and issue shares and grant options over shares, on any terms, at any time and for any consideration, as the Directors resolve.

(f) Variation of Rights

Subject to the Corporations Act, the ASX Listing Rules, the ASC Settlement Rules and the terms of issue of shares in a particular class, if at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class may be varied with the written consent of the holders of at least 75% of the issued shares in that class or if authorised by a special resolution passed at a separate meeting of the holders of the Shares of that class.

(g) Meetings and Notices

Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive notices, accounts and other documents required to be furnished to Shareholders under the Company's Constitution, the Corporations Act and the ASX Listing Rules.

#### 4.2 Rights attaching to New Options

The New Options issued pursuant to this Prospectus will be issued on the following terms and conditions:

- (a) Each New Option will entitle the holder to subscribe for one Share at an exercise price of \$0.0125.
- (b) The New Options are exercisable at any time on or before 30 June 2013 wholly or in part by delivering a duly completed form of notice of exercise to the Company, accompanied by payment of the exercise moneys.
- (c) All Shares allotted on exercise of the New Options will rank equally in all respects with the Company's then existing Shares.
- (d) The New Options are freely transferable.
- (e) Application will be made to the ASX for official quotation of the New Options not later than 7 business days after the date of this Prospectus. Application will be made to ASX for official quotation by ASX of all Shares allotted pursuant to the exercise of New Options not later than 10 business days after the date of allotment.
- (f) Holders of New Options may only participate in new issues of securities as holders of Shares if a New Option has been exercised and Shares have been allotted in respect of the New Option before the record date for determining entitlements to the issue. The Company must give at least 7 business days' notice to holders of any New Options before the record date for determining entitlements to the issue in accordance with the Listing Rules of ASX.
- (g) There will be no change to the exercise price of a New Option or the number of Shares over which a New Option is exercisable in the event of the Company making a pro rata issue of Shares or other securities to the holders of Shares (other than for a Bonus Issue).
- (h) If there is a bonus issue ("**Bonus Issue**") to the holders of Shares, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the New Option had been exercised before the record date for the Bonus Issue ("**Bonus Shares**"). The Bonus Shares must be paid up by the Company out of profits or reserves (as the

case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other Shares of that class at the date of issue of the Bonus Shares.

- (i) If, prior to the expiry of any New Options, there is a reorganisation of the issued capital of the Company, the New Options shall be reorganised in the manner set out in the Listing Rules.

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## **5 RISK FACTORS**

### **5.1 Overview**

Investors should be aware of the following key risks that may affect the future operating and financial performance of Pharmanet and the value of Pharmanet Shares. These risks include general risks associated with any form of business and specific risks associated with Pharmanet's business.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **5.2 Commercialisation risk**

The Company may seek to commercialise its technology and/or potential pipeline products through out-licensing to pharmaceutical and cosmetic partners. There is no guarantee that any licensing agreement will be executed or that the Company will achieve future licensing fees or royalty income.

### **5.3 Intellectual Property risk**

The Company has filed (either in its own name or in the name of its wholly-owned subsidiary, Cambridge Scientific Pty Ltd) several patent applications relating to the Tripeptofen project which will define the rights in the use of the Company's active ingredients in the commercially important analgesic and anti-inflammatory fields. The patent applications are directed towards the manufacture of a proprietary active ingredient for analgesic action and the claims cover the manufacturing process and the product/s which may flow from the process. To date, patents have been granted in South Africa, the United States, India and New Zealand, an Australian patent has been approved but not yet granted and patent applications are awaiting examination in 4 other countries. The Company also has three patent families in National Phase, under examination or awaiting examination in 8 countries, relating to tissue disruption treatments Cox 2 inhibition and anti-cytokine activity.

There is no guarantee that the patent applications will not infringe competitor patents or that the patent applications will be granted by authorities in key jurisdictions. Prior to the grant of the patent applications, Pharmanet intends to request the inventors (and any potential inventors) of the relevant technology (to the extent they have not already done so) to assign ownership of the technology to Cambridge Scientific Pty Ltd. Pharmanet anticipates that the inventors (and any potential inventors) will sign the required documents. This will mitigate the risk of any challenge to the ownership of a patent by an inventor after the patents are granted. If the assignment documentation is not signed by the inventors (or any potential inventors) prior to the grant of the patents to the Company or Cambridge Scientific Pty Ltd, there is a risk that the patents could be revoked if subsequently challenged by the inventors. However, the directors of the Company believe this risk to be low.

### **5.4 Competitive risk and Market Acceptance**

Multiple early-stage and mature competitors exist in the health care and pharmaceutical markets including those that have more advanced technologies and products marketed or in development. Competition by superior technologies and/or products may negatively affect the profit potential of the Company's technologies and/or future products.

The success of the Company's technologies and products will depend on their competitiveness and acceptance by the market, as well as the Company's ability to improve the drug delivery profile or cost of proposed products to meet the evolving needs

of customers on a timely basis. The global marketplace for most products is constantly changing due to new technologies, new products, changes in preferences, changes in regulations and other factors influencing market acceptance or market rejection. This market volatility and risk exists despite the best endeavours of market research, promotion and sales and licensing campaigns.

#### **5.5 Market risk**

The Company operates in the health care industry which includes multiple market segments. The Company is seeking to reintroduce Thermalife™ Cream to the Australian market, take existing products into new territorial markets and further diversify its business risk by developing line extension products based on the same active ingredient and developing new products for new therapeutic indications. There can be no assurance that the Company will secure such new business opportunities or that the new opportunities will provide additional value to the Company.

The Company may also be adversely affected by the general market sentiment towards the healthcare sector and pharmaceutical markets.

#### **5.6 Development and Regulatory risk**

International regulatory authorities are requiring more extensive clinical trials to show evidence of safety and efficacy for new pharmaceutical products. Changes to regulatory requirements may increase the development costs and time to market. The Company operates in a highly regulated environment and its ability to operate freely may be restricted by regulatory requirements or the actions of regulatory authorities.

#### **5.7 Supply risk**

The active ingredients in the Company's products have long lead times, are expensive and may not always be available nor arrive in a timely manner. A delay in the receipt of these ingredients could have a material adverse effect on the Company. In addition, a key ingredient in the Company's products is currently sourced from a single supplier. If that supplier was unable or unwilling to comply with its supply arrangements with the Company, this could have a material adverse effect on the Company and the value of its securities.

#### **5.8 General Risks**

The future viability and profitability of the Company as a company involved in the research, development and manufacture of pharmaceutical products will be dependent on a number of factors, including, but not limited to, the following:

- (a) currency exchange rate fluctuations;
- (b) the risk of material adverse changes in the government policies or legislation of Australia affecting the level of business activities;
- (c) the impact of the introduction of tax reform;
- (d) the strength of the equity and share markets in Australia and throughout the world;
- (e) general economic conditions in Australia and its major trading partners and, in particular, inflation rates, interest rates, commodity supply and demand factors and industrial disruptions;
- (f) environmental management issues with which the Company may be required to comply from time to time;

- (g) financial failure or default by a participant in any of the joint ventures to which the Company is, or may become, a party;
- (h) the impact of international accounting standards board (IASB) reporting requirements; and
- (i) industrial disputes in Australia and overseas.

#### **5.9 Government Policy**

Industry profitability generally can be affected by changes in government policy which are beyond the control of the Company.

#### **5.10 Share Market Risk**

The market price of Shares can be expected to rise and fall in accordance with general market conditions. Neither the Company nor its Directors warrant the future performance of the Company or any return on investment in Shares.

#### **5.11 Future Capital Needs and Additional Funding**

The future capital requirements of the Company will depend on many factors including the success of the technology proof-of-concept program and partner collaborations. The Company believes its available cash and the net proceeds of this Offer should be adequate to fund the continued pursuance of the Company's existing projects and objectives. However, the Company faces certain technology, development, economic and commercial risks which may adversely impact on the belief that the Company will have, as a result of this Rights Issue, sufficient funds to meet the Company's projected expenditure requirement.

The Company intends to identify, evaluate and source new business opportunities that meet investment criteria set by the Company. The Company may require additional funds to fund these new business opportunities. Should the Company require such additional funding, there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business and its financial condition and performance.

#### **5.12 Reliance on Key Personnel and Employees**

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively towards achieving the Company's technical and commercial goals. To manage its growth, the Company must attract and retain additional highly-qualified management, scientific, technical, and business development personnel and continue to implement and improve product development, intellectual property management and operational processes. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

#### **5.13 Joint Venture Parties, Agents and Contractors**

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture or strategic alliance to which the Company is or may become a party or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

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## **6 ADDITIONAL INFORMATION**

### **6.1 Continuous Disclosure Obligations**

The Company is a "disclosing entity" (as defined in section 111 AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Securities which will be issued pursuant to this Prospectus are in the same class of Shares and Options that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Securities on the Company and the rights attaching to the New Securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the financial statements of the Company for the financial year ended 30 June 2010 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus; and
  - (ii) the half-year financial report of the Company for the half-year ended 31 December 2010, being the half-year financial report of the Company

lodged with the ASIC after lodgement of the financial statements referred to in paragraph (i) above and before the issue of this Prospectus; and

- (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2010 audited financial statements:

Date	Description of Announcement
11 October 2010	Appendix 4C
18 October 2010	Announcement of Capital Raising
29 October 2010	Notice of AGM
9 November 2010	Appendix 3B
29 November 2010	Announcement of Distribution Agreement
30 November 2010	Results of AGM
6 December 2010	Appendix 3B
6 December 2010	Appendix 3Y
21 December 2010	Appendix 3B
29 December 2010	Securities Trading Policy
31 December 2010	Update regarding Distribution Agreement
31 January 2011	Appendix 4C
1 February 2011	Announcement of Distribution Agreement
24 February 2011	Half year results for half year ended 30 December 2010
25 February 2011	Announcement of Capital Raising
2 March 2011	Appendix 3B
22 March 2011	Response to ASX Query
11 April 2011	Appendix 4C

11 May 2011	Appendix 3B
17 May 2011	Trading Halt
18 May 2011	Announcement of Distribution Agreement
23 May 2011	Options Expiry Notice
24 May 2011	Amended Options Expiry Notice
31 May 2011	Shareholder Update
1 June 2011	Appendix 3B
8 June 2011	Appendix 3B
15 June 2011	Announcement regarding product distribution
16 June 2011	Appendix 3B
24 June 2011	Appendix 3B
1 July 2011	Announcement regarding acceptance of patent
11 July 2011	Appendix 3B
27 July 2011	Announcement of Placement and Entitlement Offer
29 July 2011	Appendix 3B
29 July 2011	Appendix 4C
20 July 2011	Appendix 3Y
27 July 2011	Placement and Entitlement Offer
29 July 2011	Appendix 3B
29 July 2011	Appendix 4C – Quarterly Results
29 July 2011	Appendix 3Y
29 July 2011	Amended Appendix 3Y
2 August 2011	Shareholder Update
8 August 2011	Announcement regarding regulatory approval for advertising
9 August 2011	Letter to Shareholders thermalIFE sample

10 August 2011	Announcement regarding Thermalife being supporter of Australian Masters Games
23 August 2011	Trading Halt
23 August 2011	Request for Trading Halt
25 August 2011	Suspension from Official Quotation
29 August 2011	Reinstatement to Official Quotation
29 August 2011	Placement and Entitlement Offer
29 August 2011	Appendix 3B
29 August 2011	Appendix 3B Performance Share Plan
30 August 2011	Preliminary Final Report Appendix 4E

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

## 6.2 Material Contracts

The following is a summary of the significant terms of the material agreements which relate to the business of the Company.

### Underwriting Agreement

Under an underwriting agreement dated 24 August 2011 ("**Underwriting Agreement**"), CPS Securities ("**Underwriter**") has agreed to underwrite the Offer.

Upon completion, the Underwriter will receive an underwriting fee of 4% (plus GST) of the amount underwritten. In addition, the Underwriter will receive a lead manager fee of 2% (plus GST). The Underwriter will also receive payment of reasonable costs and expenses incurred by it in connection with the Offer. The Company will pay any GST applicable to any fee payable to the Underwriter under the Underwriting Agreement. Subject to Shareholder approval, the Company has agreed to grant 100,000,000 Options exercisable at \$0.0125 on or before 30 June 2013 to CPS Securities in consideration of CPS Securities acting as lead manager and underwriter. The Underwriter has discretion to terminate the Underwriting Agreement for reasons that are standard in agreements of this nature.

## 6.3 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Issue of Securities pursuant to this Prospectus; or
- (c) the Issue of Securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Issue of Securities pursuant to this Prospectus.

Directors' direct and indirect interests in securities of the Company at the date of this Prospectus are:

Name	Securities
Christopher John Quirk	2,857,413 Shares 1,000,000 Options exercisable at \$0.015 before 31 December 2011 1,000,000 Options exercisable at \$0.025 before 31 December 2011 2,000,000 Options exercisable at \$0.01 before 31 December 2011 2,000,000 Options exercisable at \$0.015 before 31 December 2012 1,000,000 Options exercisable at \$0.01 before 31 December 2012 1,000,000 Options exercisable at \$0.015 before 31 December 2013
John James Found	1,000,000 Options exercisable at \$0.015 before 31 Dec 2012 1,000,000 Options exercisable at \$0.01 before 31 Dec 2012 1,000,000 Options exercisable at \$0.015 before 31 Dec 2013
John Palermo	6,376,194 Ordinary fully paid shares 2,000,000 Options exercisable at \$0.015 before 31 Dec 2011 2,000,000 Options exercisable at \$0.025 before 31 Dec 2011 4,000,000 Options exercisable at \$0.015 before 31 Dec 2012 2,000,000 Options exercisable at \$0.01 before 31 Dec 2012 2,000,000 Options exercisable at \$0.015 before 31 Dec 2013

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive directors and in default of agreement then in equal shares.

In the two years preceding lodgement of this Prospectus, \$739,765 (excluding GST where applicable) has been paid by the Company by way of remuneration for services provided by all Directors, companies associated with the Directors or their associates in their capacity as Directors, employees, consultants or advisers. Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

#### 6.4 Interests and Consents of Experts and Advisers

The following parties have given (and not before the date of this document withdrawn) their consent to be named in this document in the form and context in which they are named:

- CPS Securities, in its capacity as Lead Manager/Underwriter; and
- Allion Legal, in its capacity as solicitors to the Company.

Each of CPS Securities and Allion Legal has not:

- authorised or caused the issue of this Prospectus;
- made, or purported to have made, any statement in this Prospectus or on which a statement in this Prospectus is based except as set out in this section; or
- assumed the responsibility for any part of this Prospectus except as set out in this section and to the maximum extent permitted by law, expressly disclaims responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Other than as set out below or elsewhere in this Prospectus, all persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation of or distribution of this Prospectus do not have, and have not had in the two years before the date of this Prospectus, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the offer of Securities pursuant to this Prospectus; or
- the offer of Securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the offer of Securities pursuant to this Prospectus.

CPS Securities is acting as Lead Manager/Underwriter for the Offer and for this is being paid a fee as set out in **section 6.2**. CPS Securities will be entitled to 6% plus GST of the funds raised (2% for managing and 4% for underwriting the Issue) and, subject to Shareholder approval, 100,000,000 Options exercisable at \$0.0125 on or before 30 June 2013 in consideration for managing and underwriting the Issue. The Company has also agreed to pay the Underwriter's costs incurred in connection with the Rights Issue, including legal costs.

In the two years prior to the date of this Prospectus, CPS Securities has been paid a total of \$158,862 (exclusive of GST) for the provision of broking and corporate advisory services.

Allion Legal is entitled to be paid \$10,000 for advice and assistance in relation to certain aspects of this Prospectus, assisting the Company in relation to its due diligence regime and enquiries and in relation to application for quotation of the New Shares on ASX. In addition, Allion Legal has been paid \$30,585 (exclusive of GST) for the provision of professional services to the Company in the two years since the date of this Prospectus.

References to Security Transfer Registrars Pty Ltd appear for information purposes only. Security Transfer Registrars Pty Ltd has not been involved in, authorised or caused the issue of this Prospectus.

#### **6.5 Estimated Expenses of Issue**

The estimated expenses of the Issue are approximately \$138,807 including fees payable to the Lead Manager, Underwriter, legal, ASIC, ASX and printing costs.

#### **6.6 Litigation**

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

#### **6.7 Privacy Act**

If you complete an application for New Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your New Shares in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company share registry.

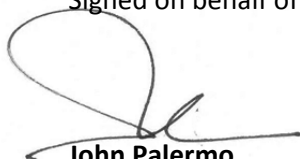
You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application.

#### **6.8 Directors' Consent**

Each Director has consented to the lodgement of this Prospectus with the ASIC.

Signed on behalf of the Directors pursuant to a resolution of the Board.

A handwritten signature in black ink, appearing to read 'John Palermo', with a large loop at the start and a horizontal line extending to the right.

**John Palermo**

Chairman

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## 7 GLOSSARY

“**A\$**”, “**\$**” and “**dollars**” means Australian dollars, unless otherwise stated.

“**Additional New Shares**” means New Shares in addition to an Eligible Shareholder's Entitlement for which an Applicant makes an Application.

“**Application**” means an application for New Securities pursuant to the Application Form.

“**Application Form**” means the Application form attached to or accompanying this Prospectus.

“**Application Money**” means the money received from Eligible Shareholders in respect of their Application.

“**ASIC**” means the Australian Securities and Investments Commission.

“**ASC**” means ASX Settlement Pty Limited (ABN 49 008 504 532).

“**ASC Settlement Rules**” means the settlement rules of ASC.

“**ASX**” means ASX Limited (ABN 98 008 624 691) or the market operated by that entity.

“**Board**” means the board of Directors.

“**Business Day**” means a day on which trading takes place on the stock market of ASX.

“**CHESS**” means ASX Clearing House Electronic Sub-registry System.

“**Closing Date**” means 5 October 2011, or such other date as may be determined by the Directors under this Prospectus.

“**Company**” means Pharmanet Group Limited ABN 98 006 640 553.

“**Constitution**” means the Company's Constitution as at the date of this Prospectus.

“**Corporations Act**” means the *Corporations Act 2001* (Commonwealth).

“**Director**” means directors of the Company at the date of this Prospectus.

“**Eligible Shareholders**” means a Shareholder as at the Record Date other than a Non-qualifying Foreign Shareholder.

“**Entitlement**” or “**Right**” means a Shareholder's entitlement to subscribe for New Securities offered by this Prospectus.

“**Existing Share**” means a fully paid ordinary share in the capital of the Company on issue as at the Record Date.

“**Full Subscription**” means the amount of \$1.30 million (before issue costs) to be raised under the Offer.

“**Issue**” means the issue of New Securities under this Prospectus.

“**Lead Manager**” or “**Underwriter**” means CPS Securities Pty Ltd ABN 73 088 055 636.

“**Listing Rules**” or “**ASX Listing Rules**” means the Listing Rules of the ASX.

“**New Option**” means an Option exercisable at \$0.0125 on or before 30 June 2013, to be issued at the ratio of 1 New Option for every 2 New Shares subscribed for, to be listed on ASX.

“**New Securities**” or “**Securities**” means the New Shares and New Options to be issued pursuant to this Prospectus.

**“New Shares”** means a fully paid ordinary share in the capital of the Company to be issued under this Prospectus.

**“Non-qualifying Foreign Shareholders”** means a Shareholder whose registered address is not situated in Australia or New Zealand.

**“Offer”** means the offer of one New Share for every eight Existing Shares held at the Record Date at an issue price of \$0.005 per New Share and one New Option for every two New Shares subscribed for.

**“Official Quotation”** means official quotation on ASX.

**“Opening Date”** means 20 September 2011.

**“Option”** means an option to subscribe for a Share.

**“Prospectus”** means the prospectus constituted by this document.

**“Record Date”** means 5pm WST on 15 September 2011.

**“Share”** means a fully paid ordinary share in the capital of the Company.

**“Shareholder”** means the holder of a Share.

**“Shortfall”** will occur if the Company does not hold successful valid Applications for all the New Shares offered by the Company under this Prospectus by the Closing Date.

**“Shortfall Shares”** means New Shares for which successful valid Applications have not been received by the Closing Date.

**“Underwriting Agreement”** means the underwriting agreement dated 24 August 2011 between the Underwriter and the Company.

**“US person”** has the meaning given to that term in Regulation S under the US Securities Act.

**“US Securities Act”** means the United States Securities Act of 1933, as amended.

**“WST”** means Western Standard Time.

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**8 CORPORATE DIRECTORY**

<b>DIRECTORS</b>	John Palermo Christopher John Quirk John James Found
<b>COMPANY SECRETARY</b>	John Palermo
<b>REGISTERED OFFICE</b>	Level 1, 284 Oxford Street Leederville WA, 6007
<b>SHARE REGISTRARS</b>	Security Transfer Registrars Pty Ltd* 770 Canning Highway Applecross WA 6153
<b>AUDITORS</b>	RSM Bird Cameron Partners* 8 St Georges Terrace Perth WA 6000
<b>LEAD MANAGER/ UNDERWRITER</b>	Cunningham Peterson Sharbanee Securities Pty Ltd Level 34 Exchange Plaza 2 The Esplanade Perth WA 6000
<b>SOLICITORS</b>	Allion Legal Level 2, 50 Kings Park Road West Perth WA 6005

\*This entity has not been involved in the preparation of this Prospectus and has not consented to being named in the Prospectus. Its name is included for information purposes only.

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