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If you have sold or transferred all of your ordinary shares of 0.1 pence each ('Ordinary Shares') in Oxford Pharmascience Group Plc (the 'Company'), please send this document, together with the accompanying form of proxy ("Form of Proxy"), immediately to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred some of your Ordinary Shares, please consult your stockbroker, bank or other agent through whom the sale or transfer was effected.

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# Oxford Pharmascience Group Plc

*(A company incorporated in England and Wales with registration number 07036758)*

## **Placing of up to 113,000,000 New Ordinary Shares and Notice of General Meeting**

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This document does not constitute a public offer of securities and accordingly is not a prospectus. Neither does it constitute an admission document drawn up in accordance with the AIM Rules. This document does not constitute an offer to buy or to subscribe for, or the solicitation of an offer to buy or subscribe for, New Ordinary Shares. The New Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933 as amended (the "Securities Act") or qualified for sale under the laws of any state of the United States (the "US") or under the applicable laws of any of Canada, Australia, South Africa or Japan and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as such term is defined in Regulation S under the Securities Act) or to any national, resident or citizen of Canada, Australia, South Africa or Japan. The distribution of this document in other jurisdictions may be restricted by law and, therefore, persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this document may not be distributed, directly or indirectly in or into the United States, Canada, South Africa, Australia or Japan. Overseas Shareholders and any person (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside the United Kingdom should seek appropriate advice before taking any action.

**A notice convening a General Meeting of Oxford Pharmascience Group Plc to be held at the offices of Fasken Martineau LLP, Third Floor, 17 Hanover Square, London W1S 1HU at 10.00 a.m. on 21 November 2011 is set out at the end of this document. Whether or not you intend to be present at the General Meeting, you are urged to complete and return the enclosed Form of Proxy, in accordance with the instructions printed thereon, so as to arrive as soon as possible and in any event by no later than 10.00 a.m. on 19 November 2011. Alternatively, you may appoint a proxy electronically in accordance with the procedures set out in note (8) to the Notice of General Meeting. Completion and return of Forms of Proxy or the electronic appointment of a proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.**

Hybridan LLP ("Hybridan") which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as broker to the Company in connection with the Placing and is not acting for any other person nor will otherwise be responsible to any person for providing the protections afforded to customers of Hybridan, or for advising any other person in respect of the Placing. No representation, express or implied, is made by Hybridan as to any of the contents of this document (without limiting the statutory rights of any person to whom this document is issued). Hybridan has not approved the contents of, or any part of, this document and no liability whatsoever is accepted by Hybridan for the accuracy of any information or opinions contained in this document or for the omission of any information.

Copies of this document are available from the Company's registered office at 17 Hanover Square, London W1S 1HU from the date of this document to the date of the General Meeting and also from the Company's website: [www.oxfordpharmascience.com](http://www.oxfordpharmascience.com).

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### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 19 November 2011
Latest time and date for receipt of Crest Proxy Instructions	10.00 a.m. on 20 November 2011
General Meeting	10.00 a.m. on 21 November 2011
Admission of Placing Shares to AIM	8.00 a.m. on 23 November 2011

### PLACING STATISTICS

Existing Ordinary Shares	464,023,798
Placing Shares to be issued	113,000,000
Enlarged Share Capital	577,023,798
Percentage of the Enlarged Share Capital represented by the Placing Shares	19.58%
Placing Price	1p
Gross proceeds of the Placing	£1,130,000

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

<b>“Admission”</b>	the admission of the Placing Shares to trading on AIM becoming effective in accordance with rule 6 of the AIM Rules
<b>“AIM”</b>	a market operated by the London Stock Exchange
<b>“AIM Rules”</b>	the AIM Rules for Companies and/or the AIM Rules for Nominated Advisers as applicable
<b>“Company”</b>	Oxford Pharmascience Group Plc
<b>“Crest”</b>	the computerised settlement system to facilitate transfer of the title to an interest in securities in uncertified form operated by Euroclear UK and Ireland Limited
<b>“Directors” or “the Board”</b>	the directors of the Company whose names are set out on page 5 of this document
<b>“Enlarged Share Capital”</b>	the 577,023,798 Ordinary Shares in issue on Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares
<b>“Existing Ordinary Shares”</b>	the 464,023,798 Ordinary Shares in issue as at the date of this document
<b>“Form of Proxy”</b>	the form of proxy for use in relation to the General Meeting which accompanies this document
<b>“General Meeting”</b>	the general meeting of the Company, the details of which are set out in the Notice of General Meeting, to be held at the offices of Fasken Martineau LLP, Third Floor, 17 Hanover Square, London W1S 1HU at 10.00 a.m. on 21 November 2011 (or at any adjournment thereof) to consider the Resolution
<b>“Group”</b>	the Company and its subsidiary undertakings
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“New Ordinary Shares”</b>	the Placing Shares
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting which is set out at the end of this document
<b>“ORA”</b>	ORA (Guernsey) Limited, a company incorporated in Guernsey under company number 49949, a wholly owned subsidiary of ORA Capital Partners Limited, a company incorporated in Guernsey under company number 49907 and a company traded on AIM
<b>“Ordinary Shares”</b>	the ordinary shares of 0.1p each in the capital of the Company
<b>“Placing”</b>	the conditional placing by Hybridan on behalf of the Company of the Placing Shares at the Placing Price, in accordance with the Placing Agreement
<b>“Placing Agreement”</b>	the conditional agreement dated 1 November 2011 made between the Company, the Directors and Hybridan, further details of which are set out in this Circular

<b>“Placing Price”</b>	1 pence per New Ordinary Share
<b>“Placing Shares”</b>	the 113,000,000 new Ordinary Shares to be issued to places pursuant to the Placing Agreement
<b>“Resolution”</b>	the special resolution to be proposed at the General Meeting as set out in the Notice of General Meeting
<b>“Shareholder”</b>	a holder of Ordinary Shares
<b>“uncertificated”</b>	a share or security recorded in the Company’s register of members as being held in uncertificated form, title to which may be transferred by means of Crest

# LETTER FROM THE CHIEF EXECUTIVE OF OXFORD PHARMASCIENCE GROUP PLC

(A company incorporated in England and Wales with number 07036758)

## Directors

David Norwood, *Non-Executive Chairman*  
Marcelo Bravo, *Chief Technology Officer*  
Nigel Theobald, *Chief Executive Officer*  
Mike Bretherton, *Finance Director*  
James White, *Non-Executive Director*

## Registered Office

17 Hanover Square  
London  
W1S 1HU

3 November 2011

Dear Shareholder

### **Placing of 113,000,000 New Ordinary Shares at a price of 1 pence per New Ordinary Share and Notice of General Meeting**

**To shareholders and, for information only, to holders of options over Ordinary Shares**

#### **1. Introduction**

Your Board announced yesterday that it has conditionally raised £1.13m (before expenses) through the placing of 113,000,000 New Ordinary Shares at a placing price of 1p per Ordinary Share with certain institutional and other investors. The placing of these 113,000,000 New Ordinary Shares is conditional on the Company obtaining approval from Shareholders to their allotment and subject to such approval from Shareholders. The net proceeds of the Placing will be used by the Group to accelerate the development of the Group's business as described in more detail below.

Currently, the Directors do not have sufficient authority to disapply pre-emption rights in relation to the allotment of Placing Shares. Accordingly, the placing of these shares is conditional upon the Company obtaining approval from Shareholders to empower the Directors to disapply statutory pre-emption rights which would otherwise apply to the allotment of such new Ordinary Shares. The Placing, which has been arranged by Hybridan, is pursuant to the terms of the Placing Agreement, and is also conditional *inter alia* upon Admission.

#### **2. Background to and reasons for Placing**

Earlier in the year, the Company signed an exclusive licensing and distribution agreement with Aché Laboratórios Farmacêuticos S.A., ("Aché"), one of Brazil's largest pharmaceutical companies, for the supply of healthcare products under Aché's women's health brand, called 'Inellare' and providing the Group with access to the higher value pharmaceutical industry in Brazil. Brazil is one of the largest and most dynamic pharmaceutical markets in the world. We have now commenced shipments of our first product to Brazil – a Calcium and Vitamin D product based on the Group's solid state suspension technology which allows for superior taste masking and very rapid dissolution of active ingredients. We have begun testing several concepts in Brazil to expand the range following the launch of the initial first product and we will continue to engage in business development activities to further the array of opportunities, having seen considerable interest, and in line with Aché's expansion of its 'Inellare' product range.

Our proprietary NHTech™ taste masking technology is being used to develop a portfolio of taste masked pharmaceutical ingredients to improve the formulation of non tablet forms of a number of off-patent drugs with initial focus on NSAIDs and Statins. As an example of this, we have recently established proof of concept for the taste masking of ibuprofen (a product that we estimate, using third party data, currently has global sales of circa £2.7bn, which has removed the typical burning sensation experienced on the throat). Having already seen considerable industry interest in our ibuprofen technology, we are now proceeding to establish proof of concept for a portfolio of taste masked ingredients and to demonstrate process scale-up.

In August, we announced that we had signed a worldwide exclusive option with the School of Pharmacy (the University of London) for up to 18 months to license and research an advanced colonic drug technology with a specific intention to develop and commercialise a novel application in a major drug category.

### **3. Use of proceeds**

The total funds raised from the Placing (net of expenses) of approximately £1.08m will be used to continue developing our business in Brazil and to progress and initiate commercialisation of our pipeline which is focused on technologies to reposition and add value to off patent NSAIDs and Statins.

### **4. Details of the Placing**

The Placing will raise £1.13m before expenses through the issue of 113,000,000 New Ordinary Shares at a Placing Price of 1p per share. Net proceeds of the Placing are expected to be approximately £1.08m. Completion of the Placing and the issue of the Placing Shares are subject to the passing of the Resolution at the General Meeting.

The Placing is being conducted by way of a non pre-emptive share issue. The Directors believe that this is the most cost effective method to raise funds, avoiding the significant costs of a full public offer. The Placing Shares represent 19.58 per cent. of the Enlarged Share Capital.

The Placing Shares will, on Admission, be credited as fully paid and will have the same rights in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared. The Placing is conditional, *inter alia*, upon:

- (i) the approval of the Resolution at the General Meeting;
- (ii) the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms; and
- (iii) Admission.

The Placing is to be effected on behalf of the Company by Hybridan, under the terms of the Placing Agreement. Completion of the Placing is subject to certain conditions including those listed above. Under the terms of the Placing Agreement, the Company has agreed to pay Hybridan commission on funds raised by them. The Placing Agreement contains certain warranties given by the Company with respect to its business and the Group and certain matters connected with the Placing. In addition, the Company has given indemnities to Hybridan in connection with the Placing and their performance of services in relation to the Placing. The Placing Agreement may be terminated by Hybridan for, *inter alia*, a material breach by the Company of the terms of the Placing Agreement or the warranties contained in it or on the occurrence of certain specified events or of certain *force majeure* events.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM and it is expected that Admission will be effective and trading will commence at 8.00 a.m. on 23 November 2011.

Following Admission, the Company will have 577,023,798 Ordinary Shares in issue. Since the Company currently holds no shares in treasury, the total number of voting rights in the Company is therefore 577,023,798 and this figure may therefore be used by Shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FSA's Disclosure and Transparency Rules.

#### ***Participation in the Placing by the Directors and ORA***

As part of the Placing, David Norwood (through his broker) is subscribing for 10,000,000 New Ordinary Shares at the Placing Price and Marcelo Bravo (through his broker) is subscribing for 2,500,000 New Ordinary Shares at the Placing Price. As such, under the AIM Rules, David Norwood and Marcelo Bravo are both deemed to be related parties and their participation in the Placing is deemed to be a related party transaction. Accordingly they have not participated in the Board's consideration of the Placing. Their shareholdings pre and post are as follows:

<i>Director name</i>	<i>Existing shareholding in the Company</i>	<i>Number of Placing Shares subscribed for in the Placing</i>	<i>Total shareholding following the Placing</i>	<i>Percentage of the issued share capital of the Company as enlarged by the Placing</i>
Marcelo Bravo	62,500,000	2,500,000	65,000,000	11.26
David Norwood	87,514,300	10,000,000	97,514,300	16.9

As part of the placing ORA, an existing holder of 34.89 per cent of the Existing Ordinary Shares, will be subscribing for 30,000,000 New Ordinary Shares in the Placing. Michael Bretherton, a director of the Company, is also a director of ORA. As such, under the AIM Rules, ORA is deemed to be a related party and their participation in the Placing is deemed to be a related party transaction. Accordingly Michael Bretherton has not participated in the Board's consideration of the Placing. Their shareholdings pre and post are as follows:

<i>Shareholder</i>	<i>Existing shareholding in the Company</i>	<i>Number of Placing Shares subscribed for in the Placing</i>	<i>Total shareholding following the Placing</i>	<i>Percentage of the issued share capital of the Company as enlarged by the Placing</i>
ORA	161,904,725	30,000,000	191,904,725	33.3

### ***Notice of General Meeting***

A notice convening the General Meeting to be held at the offices of Fasken Martineau LLP, Third Floor, 17 Hanover Square, London W1S 1HU at 10.00 a.m. on 21 November 2011 is set out at the end of this document. At the General Meeting, a special resolution will be proposed to disapply pre-emption rights in relation to the issue of the New Ordinary Shares.

### ***Action to be taken***

You will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you intend to attend the General Meeting you are requested to complete the Form of Proxy in accordance with the instructions printed on it and to return it to the Company's registrars, Capita Registrars, PXS, Beckenham, BR3 4TU, as soon as possible, and in any event so as to arrive no later than 10.00 a.m. on 19 November 2011. If you hold your Ordinary Shares in CREST you may appoint a proxy using the CREST proxy appointment service by following the instructions in note (8) to the Notice of General Meeting. The completion and return of a Form of Proxy, or the electronic appointment of a proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

### ***Recommendation***

With the exception of David Norwood and Marcelo Bravo who are participating in the Placing and Michael Bretherton, a director of ORA which is participating in the Placing, the Directors consider, having consulted with ZAI Corporate Finance, that the terms of the Placing are fair and reasonable insofar as shareholders of the Company are concerned.

**The Directors (other than David Norwood, Marcelo Bravo and Michael Bretherton) believe that the Placing and therefore the Resolution is in the best interests of the Company and Shareholders taken as a whole.** The Directors unanimously recommend that you vote in favour of the Resolution, as they intend to do in respect of their own shareholdings. **The Board has obtained undertakings to vote in favour of the Resolution from shareholders (including Directors) in respect of 322,792,269 Ordinary Shares representing approximately 69.6 per cent. of the existing issued ordinary share capital of the Company.**

Yours faithfully

**Nigel Theobald**  
*Chief Executive*

## NOTICE OF GENERAL MEETING

# OXFORD PHARMASCIENCE GROUP PLC

(the “Company”)

NOTICE IS HEREBY GIVEN that a general meeting of Oxford Pharmascience Group Plc will be held at the offices of Fasken Martineau LLP, Third Floor, 17 Hanover Square, London W1S 1HU at 10.00 a.m. on 21 November 2011 for the purposes of considering and, if thought fit, passing the following Resolution, as a special resolution. In this notice, save as otherwise defined herein, words and defined terms shall have the same meaning as defined terms in the document sent to Shareholders (the “Circular”) to which this notice is attached.

### SPECIAL RESOLUTION

That the Directors be generally empowered to allot equity securities (within the meaning of section 560 of the Companies Act 2006 (the “Act”)) of the Company in addition to (and not in substitution for) all other authorities pursuant to sections 570 to 573 of the Act, to the extent not utilised at the date this Resolution is passed) for cash pursuant to the authority granted in resolution 5 passed on 18 May 2011 as if section 561(1) of the Act or any pre-emption provisions contained in the articles of association of the Company or otherwise did not apply to any such allotment, provided that this power is limited to the allotment of equity securities with an aggregate nominal amount of £113,000 in connection with the Placing (which is defined and further details of which are set out in the Circular) provided that this power shall expire on the earlier of 30 June 2012 and the conclusion of the next annual general meeting of the Company, unless and to the extent that such authority is renewed, varied, revoked or extended prior to such date, except that the Company may at any time before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such an offer or agreement as if this power had not expired.

3 November 2011

By Order of the Board

**Christopher Hill**  
*Company Secretary*

Registered Office:  
17 Hanover Square  
London W1S 1HU

Company No: 07036758

#### Notes:

- (1) A Shareholder entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote on a show of hands and on a poll instead of him or her. A proxy need not be a member of the Company. Where a Shareholder appoints more than one proxy, each proxy must be appointed in respect of different shares comprised in his or her shareholding which must be identified on the proxy form. Each such proxy will have the right to vote on a poll in respect of the number of votes attaching to the number of shares in respect of which the proxy has been appointed. Where more than one joint Shareholder purports to appoint a proxy in respect of the same shares, only the appointment by the most senior Shareholder will be accepted as determined by the order in which their names appear in the Company’s register of members. If you wish your proxy to speak at the meeting, you should appoint a proxy other than the chairman of the meeting and give your instructions to that proxy.
- (2) A corporation which is a Shareholder may appoint one or more corporate representatives who have one vote each on a show of hands and otherwise may exercise on behalf of the Shareholder all of its powers as a shareholder provided that they do not do so in different ways in respect of the same shares.
- (3) A Form of Proxy is enclosed for use by members. To be valid it should be completed, signed and delivered (together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority)

to the Company's registrars Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU, as soon as possible, and in any event so as to arrive no later than 10.00 a.m. on 19 November 2011, within 48 hours before the appointed time for the meeting (or adjourned meeting) at which the person named in the appointment proposes to vote, whether on a show of hands or a poll taken at or within 48 hours after the meeting or adjourned meeting; or within 24 hours before a poll which is taken more than 48 hours after the day of the meeting or adjourned meeting. Shareholders who intend to appoint more than one proxy can obtain additional forms of proxy from Capita Registrars. Alternatively, the form provided may be photocopied prior to completion. The Forms of Proxy should be returned in the same envelope and each should indicate that it is one or more than one appointments being made.

- (4) To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Registrars, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

- (5) In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment as above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Capita Registrars no later than 10.00 a.m. on 19 November 2011. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

- (6) An abstention (or "vote withheld") option has been included on the Form of Proxy and in the available options for electronic proxy voting. The legal effect of choosing the abstention option on any resolution is that the Shareholder concerned will be treated as not having voted on the relevant resolution. The number of votes in respect of which there are abstentions will however be counted and recorded, but disregarded in calculating the number of votes for or against each resolution.
- (7) In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), the Company specifies that only those Shareholders registered in the register of members of the Company as at 10.00 a.m. on the 19 November 2011 or, in the event that the meeting is adjourned, in such register not later than 48 hours before the time of the adjourned meeting, shall be entitled to attend, or vote (whether in person or by proxy) at the meeting in respect of the number of shares registered in their names at the relevant time. Changes after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.
- (8) CREST members who wish to appoint a proxy or proxies by using the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. The message, (a CREST proxy instruction) must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited ("EUI") and must contain the information required for such instructions, as described in the CREST manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company's agent (ID RA10) not later than the time stated in note (3) above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by EUI.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by any particular time. Reference should be made to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST proxy instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- (9) As at 18.00 on 2 November 2011, the Company's issued share capital comprised 464,023,798 ordinary shares of £0.001 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 18.00 on 2 November 2011 was 464,023,798 ordinary shares.





