



[Address details]

Dear [Shareholder]

NOTICE OF UNMARKETABLE PARCEL SHARE BUYBACK

PharmaZen Limited (*'PharmaZen'* or *'the Company'*) advises all shareholders of the details of a buyback offer for holders of less than 20,000 shares in PharmaZen (*the Buyback*). In accordance with the Constitution, the directors have passed a resolution requiring all shareholders to hold a minimum of 20,000 shares in the Company. As a consequence of this change the Board is implementing a Buyback of shares where the holding is less than 20,000 shares. Shareholders who hold less than \$1,500 in value of shares now have the opportunity to sell back their shares to the Company (*Unmarketable Parcels*).

The Directors of the Company value all of its shareholders, but recognise that holders of Unmarketable Parcels may find it difficult or costly to dispose of their shares. This Buyback will allow holders of Unmarketable Parcels to sell their shares in the Company without incurring brokerage and other expenses. The Buyback proposal will also allow holders of Unmarketable Parcels to receive the proceeds from the sale of their shares on a more timely basis than if a share sale facility approach is used to dispose of their shares.

The Buyback proposal will also assist the Company in reducing share registry and other administrative costs associated with maintaining a large number of small shareholders. Currently, of the Company's 662 shareholders, Unmarketable Parcels of shares are held by 259 shareholders.

Based on the price for the recent offer of shares in the Company and the trading of shares in the Company on Unlisted over the last month, the Board has considered that 7.5 cents per share is a fair price to offer for Unmarketable Parcels.

As determined from the share register of the Company as at 5pm on Friday, 21 September 2018 (*the Record Date*) and a buy back price of 7.5 cents per share, the following is the number and value of shares affected by the proposed Buyback.

- (a) 259 shareholders out of 662 shareholders hold Unmarketable Parcels totalling 2,004,309 shares.
- (b) The aggregate value of shares in the Company held by all holder of Unmarketable Parcels, based on the buyback price is \$150,323.18.

Shareholders receiving the Buyback offer for Unmarketable Parcels do not have to accept that proposal. If a shareholder holding an Unmarketable Parcel wishes to accept that proposal they must sign the form that accompanies this letter and return it to the Company on or before Friday the 26th day of October 2018.

The shares acquired by the Company under the Buyback will be cancelled in accordance with the provisions of the Companies Act 1993 and will not be held as treasury stock.



Shareholders of the Company who own 20,000 or more shares will not be eligible to participate in the Buyback.

A summary of the key dates in relation to the Buyback of Unmarketable Parcels is set out below:

- Record Date 5pm – Friday, 21 September 2018
- Letter to holders of Unmarketable Parcels Monday, 1 October 2018
- Closing Date for receipt of acceptance form 5pm – Friday, 26 October 2018
- Estimated Unmarketable Parcels payment date Friday, 9 November 2018

Attached is a copy of the repurchase share acceptance form (including contact details for further information in respect of the Buyback).

ELECTRONIC COMMUNICATIONS

At the same time all shareholders are being given the opportunity to receive all future information about the Company, including shareholder meeting notices, documents and letters, by email. If you wish to receive all future communications for the Company via email, please complete the attached form and return it to Link Market Services via email to applications@linkmarketservices.co.nz or post as soon as possible.

If you agree to receive communications by email, this will not prevent you from requesting hard copies of all documents etc. be sent to you by post.

Yours sincerely

PharmaZen Limited
Chairman