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**Sinclair Pharma plc  
Proposed Firm Placing and Placing and Open Offer**

**£19m proposed to be raised at 8% premium to drive growth**

Sinclair Pharma plc (the "Company" or "Sinclair": SPH:L), the international specialty pharma company, is pleased to announce that it intends to raise gross proceeds of approximately £19 million (approximately £17.9 million net of expenses) through the issue of 67,857,131 new ordinary shares of 1 pence each ("New Ordinary Shares") through a firm placing and placing and open offer at 28 pence per New Ordinary Share (the "Issue Price"). It is intended that 33,928,566 New Ordinary Shares will be issued through the firm placing (the "Firm Placing") and 33,928,565 New Ordinary Shares will be issued through the placing (the "Placing") and open offer (the "Open Offer") (together the "Fundraising"). The Fundraising has been underwritten by Singer Capital Markets.

The Issue Price of 28 pence represents an 8 per cent. premium to the closing price of 26 pence per ordinary share on 25 August 2010 (being the last business day prior to the date of this announcement).

The Fundraising is subject to shareholder approval and a prospectus incorporating a notice of general meeting (the "Prospectus") is expected to be approved by the UK Listing Authority and posted to shareholders on or around 9 September 2010. It is expected that the general meeting of the Company (the "General Meeting") will be held on or around 27 September 2010.

The Company intends to use the net proceeds of the Fundraising to: (i) repay the Bracken debt facility (the "Bracken Facility"); (ii) fund the acquisition of licensing rights in respect of two products (Terbinafine and Kelo-cote); (iii) further develop certain of the Company's existing technologies and product families (delmopinol and Flammacerium); and (iv) invest in the regulatory affairs activities of the Company.

Chris Spooner, Sinclair's CEO commented:-

"I am delighted that we have conditionally raised £19 million at an 8% premium from established shareholders in order to repay a restrictive debt facility and drive growth with selected product acquisitions and by advancing our emerging market strategy. Sinclair as a business has been transformed over the last six months under a new team and is now solely focused on commercialising its product portfolio to established and emerging markets. We are primed for growth and with a strong pipeline of new business building, I hope to make further announcements on our progress shortly".

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**Use of proceeds**

***Bracken Facility***

In June 2010, Bracken waived the 30 June 2010 covenant measurements in respect of the Bracken Facility, in view of Sinclair's new strategy and planned repayment of the facility. It is expected that the Company will not meet the September 2010 covenant measurements as a result of the Directors' decision, to embark upon a new strategy. In particular; costs incurred in relation to the Terbinafine opportunity, option fees paid in relation to Kelo-cote and a focus on negotiating emerging market deals with long term earnings opportunities at the expense of immediate up front licence payments, are expected to contribute to the September 2010 covenants measurements not being met. These costs would not have been incurred had the Directors not pursued the new strategy. Nor would they have been incurred had Bracken not waived the June 2010 covenant measurements.

If the resolutions to be proposed at the General Meeting referred to above are not passed by shareholders and the Fundraising does not proceed as planned, the Company will not be able to repay outstanding amounts owed under the Bracken Facility. A breach of the covenant measurements in September 2010, or at any subsequent test date, would represent an event of default under the Bracken Facility and consequently, Bracken (as lender) would have the right, but not the obligation, to; (i) demand immediate repayment of all amounts due to it; and (ii) enforce fixed and floating charge over all of the undertaking, property, assets, rights and revenues of the Company, Sinclair Pharmaceuticals Limited, Sinclair Pharma UK Limited and Pharmarights Limited in their capacity as guarantors of the Company's obligations under the Bracken Facility.

Following the appointment of the Company's new management team in late December 2009, the Directors undertook a restructuring and a strategic review, resulting in the decision for the Company to pursue a strategy focused on expansion and growth through the active acquisition and licensing of additional products to complement the Company's existing dermatology product portfolio. In addition, the Directors have identified a number of geographical expansion opportunities both for the Company's existing product portfolio but also for potential new products. The new products are intended to be a mix of finished products which are expected to contribute to net operating profit, and those that will require late stage regulatory and commercial development. The Directors have already identified a number of potential product targets and the Company has entered into option agreements to acquire two such products, Terbinafine and Kelo-cote. Net proceeds of the Fundraising equating to £3.8 million will be used to fund the acquisition of licensing rights for these products. These product acquisitions and the planned geographic expansion are the result of the strategic review undertaken by the new management team during the first half of 2010 and were not contemplated at the time of the Company's previous fundraising in late 2009, which was undertaken by the Company's previous management team.

In order to pursue the acquisitions of Terbinafine and Kelo-cote and the development of delmopinol and Flammacerium, it is necessary for the Company to repay the Bracken Facility. The planned investment in acquiring new products and increased R&D and regulatory affairs spending is not compatible with the cash flow based debt facility used to part fund the Flammazine acquisition in 2009. This debt facility contains quarterly financial covenants linked to profitability and operating cash flows. These covenants will not be met under the new strategy. As part of this process, the Directors have therefore, after careful consideration, decided to repay the Bracken Facility in full, at a cost of £11.7 million, including early repayment fees. The Directors believe that this will enable the Company actively to pursue its expansion and product pipeline investment strategy which would not otherwise be possible under the constraints of the quarterly financial and other covenants contained within the Bracken Facility.

### ***New products***

Net proceeds of the Fundraising equating to £3.8 million will be used to fund the acquisition of licensing rights in respect of two products, Terbinafine and Kelo-cote, for which option agreements have already been signed.

Sinclair has signed distribution and licensing option agreement with Advanced Bio Technologies, a US company, to acquire exclusive rights to market, develop and sell a patented silicone scar reduction formulation in gel and spray form, marketed under the Kelo-cote brand and a patented silicone and sunscreen formulation, marketed as Kelo-cote Solaire. The licence covers France, Italy and Spain and includes manufacturing (after one year) and line extension rights and permits Sinclair to grant sub-licences.

In addition, the Company has entered into an exclusive option agreement with MedPharm Ltd to licence its proprietary Terbinafine 'once only' spray, for the treatment of Tinea pedis (athlete's foot) and possibly Tinea corporis (Ringworm). If the Fundraising is successful, the Company will exercise this option. Sinclair has also secured an exclusive licence for the use of Medpharm's patented spray platform technology and exclusive rights to the clinical data comprising a phase IIb non-inferiority study in comparison with Lamisil® Once. Lamasil® Once is the only comparator known to the Directors which also delivers a 'once only' curative treatment, however this is via a gel from a tube not a spray.

### ***Existing products***

In addition, net proceeds of the Fundraising equating to £1.5 million will be used to fund further investment in certain of the Company's existing technologies and product families, delmopinol and Flammacerium.

Delmopinol is the key ingredient in the Company's anti-gingivitis (inflammation of the gum tissue) portfolio of products and is the only 'biofilm buster' known to the Directors that is available for licensing with a thorough clinical package. It is intended that a proportion of the net proceeds from the Fundraising will be used to fund clinical trials to develop line extensions of delmopinol.

An independent French study of Flammacerium for use in the first line treatment of ischemic ulcers as an alternative to excision and to reduce downstream amputation rates was launched this year. Sinclair is not a sponsor on this study, but if the study is successful, it is anticipated that Sinclair would be well placed to consolidate such a study with the necessary clinical data for formal market authorisation to extend the indication on the label for this product. In order to market the product directly in the UK and possibly in other countries where the product is currently not licensed, the Company needs to invest in submitting a marketing authorisation application for the product. A proportion of the net proceeds of the Fundraising will also be directed into research and development to reformulate Flammacerium for new indications.

### ***Regulatory affairs***

The Directors also intend to use net proceeds of the Fundraising equating to £0.9 million to invest in the regulatory affairs activities of the Group. This is expected to include updating dossiers of selected products to help advance the emerging market strategy, investing in pharmacovigilance activities, and establishing a central database of regulatory information. In order to manage this more efficiently, responsibility for the Group's regulatory affairs has returned to the corporate office in the UK under the control of Simon Youlton, Chief Scientific Officer. A new and experienced head of regulatory affairs has been recruited and will join Sinclair in early September, along with a temporary contractor already recruited to assist with certain urgent projects.

#### **Principal terms and timing of the Firm Placing and Placing and Open Offer**

##### a) ***Structure***

Sinclair intends to issue 33,928,566 New Ordinary Shares through the Firm Placing and 33,928,565 New Ordinary Shares through the Placing and Open Offer at 28 pence per New Ordinary Share to raise gross proceeds of £19 million.

##### b) ***Firm Placing***

The Firm Placees have agreed to subscribe for 33,928,566 New Ordinary Shares at the Issue Price (representing gross proceeds of £9.5 million). The Firm Placed Shares are not subject to clawback and are not part of the Placing and Open Offer.

##### c) ***Placing and Open Offer***

Holder of existing ordinary shares in the Company ("Existing Ordinary Shares") on the register of members at the record date (being 25 August 2010) subject to certain exclusions ("Qualifying Shareholders") will have an entitlement of:

**0.1767 of an Open Offer Share for each Existing Ordinary Share in the Company registered in the name of the Qualifying Shareholder on the record date**

Under the Open Offer, Sinclair intends to issue 33,928,565 New Ordinary Shares ("Open Offer Shares") at the Issue Price (representing gross proceeds of £9.5 million) to Qualifying Shareholders.

Under the Placing, placees ("Conditional Placees") have agreed to or shall agree to subscribe for the Open Offer Shares subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer.

##### d) ***Conditionality***

The Fundraising is conditional upon the following:

- the passing of the resolutions to be proposed at the general meeting expected to be held on 27 September 2010
- admission of the New Ordinary Shares becoming effective by not later than 8.00 a.m on 29 September 2010; and
- the placing agreement between Singer and the Company becoming unconditional in all respects.

##### e) ***Important notice***

**The Open Offer is not a rights issue and any Open Offer Shares not applied for by Qualifying Shareholders under their entitlement will not be sold in the market on behalf of, or placed for the benefit of, Qualifying Shareholders who do not apply under the Open Offer, but may be placed with Conditional Placees**

**under the Placing and the net proceeds will be retained for the benefit of the Company.**

### **Related party transactions**

Lansdowne Partners Limited (“Lansdowne”) holds approximately 14.5 per cent. of the Existing Ordinary Shares in issue. Up to 12,094,871 New Ordinary Shares will be issued to Lansdowne pursuant to the Fundraising and this, due to its holding of Existing Ordinary Shares being in excess of 10 per cent. of the Existing Ordinary Shares, constitutes a related party transaction under the listing rules of the Financial Services Authority (the “Listing Rules”).

Pursuant to the Listing Rules, Sinclair’s shareholders are required to approve the related party transaction in relation to Lansdowne. Lansdowne will not, and has undertaken to take all reasonable steps to ensure that its associates will not, vote on the relevant resolution approving the New Ordinary Shares pursuant to the Fundraising to be proposed at the general meeting of Sinclair referred to above.

In addition, Chris Spooner, Chief Executive Officer of Sinclair, holds approximately 4.0 per cent. of the Existing Ordinary Shares. Up to 1,861,394 New Ordinary Shares will be issued to Mr Spooner pursuant to the Fundraising and this, will constitute a smaller related party transaction under the Listing Rules, which does not require shareholder approval.

### **EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

**Each of the times and dates set out below and mentioned elsewhere in this document may be adjusted by the Company, in which event details of the new times and dates will be notified to the FSA, the London Stock Exchange and, where appropriate, Qualifying Shareholders. All references to a time of day in this document are to London time.**

Record Date for entitlement to participate in the Open Offer	close of business on 25 August 2010
Announcement of the Firm Placing and Placing and Open Offer	26 August 2010
Ex-entitlement date for the Open Offer	26 August 2010
Publication of the Prospectus and posting of the Prospectus, Form of Proxy and the Non-CREST Application Form	9 September 2010
Entitlements credited to CREST stock accounts of Qualifying CREST Shareholders	10 September 2010
Recommended latest time for requesting withdrawal of Entitlements from CREST	20 September 2010
Latest time for depositing Entitlements into CREST	21 September 2010
Latest time and date for splitting Non-CREST Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 22 September 2010
Latest time for receipt of completed Non-CREST Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 24 September 2010
Latest time for receipt of Forms of Proxy and electronic proxy appointments via the CREST system	10.00 a.m. on 23 September 2010
Results of the Firm Placing and Placing and Open Offer announced through a Regulatory Information Service	27 September 2010

General Meeting	10.00 a.m. on 27 September 2010
Admission of, and commencement of dealings in, the New Ordinary Shares	By 8.00 a.m. on 29 September 2010
New Ordinary in uncertificated form expected to be credited to accounts in CREST	29 September 2010
Expected date of despatch of definitive share certificates for New Ordinary Shares in certificated form	Within 14 days of Admission

**About Sinclair Pharma Plc** [www.sinclairpharma.com](http://www.sinclairpharma.com)

Sinclair Pharma plc is an international specialty pharmaceutical company providing solutions to treat wounds, dermatological and oral diseases through advanced surface technology and innovative delivery systems. It has a growing sales and marketing operation that is present in France, Italy, Germany and Spain, and an extensive marketing partner network across selected developed & emerging markets.

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The New Ordinary Shares have not been and will not be registered under the US Securities Act 1933, as amended, or under the securities laws of any state or other jurisdiction of the United States or under any securities laws of Australia, Canada, Japan, New Zealand or South Africa or any other jurisdiction where to do so would be unlawful and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States, or within any of Australia, Canada, Japan, New Zealand or South Africa or any other jurisdiction where to do so would be unlawful. There will be no public offer of the New Ordinary Shares in the United States.

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No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of Sinclair for the current or future financial years would necessarily match or exceed the historical published earnings per share of Sinclair.

This Announcement includes statements that are, or may be deemed to be, "forward looking statements". These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes", "projects", "estimates", "anticipates", "expects", "intends", "plans", "goal", "target", "aim", "may", "will", "would", "could", "should" or "continue" or, in each case, their negative or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this Announcement and include statements regarding the intentions, beliefs or current expectations of the Directors, the Company or the Group concerning, among other things, the Company's financial position and projections, business plan, financial model and future covenant ratios and compliance, the results of operations, prospects, growth, strategies and dividend policy of the Group and the industry in which it operates.

By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and

may be beyond the Company's ability to control or predict. Forward looking statements are not guarantees of future performance. The Company's actual financial performance, results of operations, dividend policy and the development of the industry in which it operates may differ materially from the impression created by the forward looking statements contained in this Announcement. In addition, even if the financial performance, results of operations and dividend policy of the Company or the Group (as the case may be), and the development of the industry in which it operates, are consistent with the forward looking statements contained in this Announcement, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to: the effect of the Fundraising on the Company; the Company's ability to generate growth or profitable growth; the Company's ability to generate sufficient cash over the longer term to service its debt; the Company's ability to control its capital expenditure and other costs; changes in the competitive framework in which the Company operates and its ability to retain market share; industry trends; general local and global economic, political, business and market conditions; significant changes in exchange rates, interest rates and tax rates; significant technological and market changes; future business combinations or dispositions; changes in government and other regulation, including in relation to the environment, health and safety and taxation; labour relations and work stoppages; and changes in business strategy or development plans. More detailed information on the potential factors which could affect the financial results of the Company is contained in the Company's public filings and reports.

The forward looking statements contained in this Announcement speak only as of the date of this Announcement. Other than in accordance with their legal or regulatory obligations (including under the Listing Rules and/or the Prospectus Rules and/or the Disclosure and Transparency Rules) and as required by the FSA, the London Stock Exchange or the City Code, the Company does not undertake any obligation to update or revise publicly any forward looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward looking statements attributable to the Company or the Group or individuals acting on behalf of the Company or the Group are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this Announcement which could cause actual results to differ before making an investment decision.

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