



Retrophin Proposes Acquisition of Clinuvel Pharmaceuticals

July 28, 2014

NEW YORK--(BUSINESS WIRE)-- Retrophin, Inc. (NASDAQ:RTRX) today announced that on July 17, 2014 it submitted a proposal to the Board of Directors of Clinuvel Pharmaceuticals Ltd (ASX:CUV) to acquire by scheme of arrangement all of the shares of Clinuvel stock that Retrophin does not own for (1) 0.175 Retrophin shares per Clinuvel share, or (2) A\$2.17 per share in cash. Retrophin currently owns approximately 4.88% of Clinuvel shares.

"Our proposal represents an attractive opportunity for Clinuvel's shareholders, as it allows them to continue to share in the potential upside from Clinuvel's primary product, SCENESSE, by being a shareholder in Retrophin or monetize their investment in Clinuvel at a significant premium to the current market price due to the definitive value of our all-cash offer," said Martin Shkreli, Founder and Chief Executive Officer of Retrophin. "We are well positioned to commercialize and unlock the value of SCENESSE, which uniquely serves the unmet need of patients with Erythropoietic Protoporphyrin."

Retrophin has retained UBS Investment Bank as its financial advisor and Johnson Winter & Slattery as its legal adviser in connection with this proposal.

About Retrophin

Retrophin is a pharmaceutical company focused on the development, acquisition and commercialization of drugs for the treatment of serious, catastrophic or rare diseases for which there are currently no viable options for patients. The Company's marketed products include Chenodal®, Thiola® and Vecamyf®, and its pipeline includes compounds for several catastrophic diseases, including focal segmental glomerulosclerosis (FSGS), pantothenate kinase-associated neurodegeneration (PKAN), schizophrenia, autism, infantile spasms, nephrotic syndrome and others. Retrophin intends to reintroduce Syntocinon Nasal Spray in the U.S. to assist initial postpartum milk ejection. For additional information, please visit www.retrophin.com.

Forward-Looking Statements

This press release contains "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995, regarding the research, development and commercialization of pharmaceutical products. Without limiting the foregoing, these statements are often identified by the words "may", "might", "believes", "thinks", "anticipates", "plans", "expects", "intends" or similar expressions. In addition, expressions of our strategies, intentions or plans are also forward-looking statements. Such forward-looking statements are based on current expectations and involve inherent risks and uncertainties, including factors that could delay, divert or change any of them, and could cause actual outcomes and results to differ materially from current expectations. No forward-looking statement can be guaranteed. Forward-looking statements in the press release should be evaluated together with the many uncertainties that affect the Company's business. You are cautioned not to place undue reliance on these forward-looking statements as there are important factors that could cause actual results to differ materially from those in forward-looking statements, many of which are beyond our control. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. Investors are referred to the full discussion of risks and uncertainties as included in the Company's filings with the Securities and Exchange Commission.

Letter to Clinuvel's Chairman

Mr. Stanley McLiesh
Chairman
Clinuvel Pharmaceuticals Ltd
Level 14 / 190 Queen Street
Melbourne, Victoria 3000

17 July 2014

Proposal to acquire all the outstanding shares in Clinuvel Pharmaceuticals Ltd

Dear Stanley,

We are pleased to set out in this letter (the "**Indicative Offer**") the key terms of our indicative, non-binding and confidential proposal for the acquisition of all of the outstanding shares of Clinuvel Pharmaceuticals Ltd ("**Clinuvel**" or "**you**") by Retrophin, Inc. ("**Retrophin**", "**we**" or "**us**").

Retrophin is a pharmaceutical company focused on the development, acquisition and commercialization of drugs for the treatment of serious, catastrophic or rare diseases for which there are currently no viable options for patients. Our marketed products include Chenodal®, Thiola® and Vecamyf®, and our pipeline includes compounds for several catastrophic diseases. Retrophin is listed on NASDAQ and has a market capitalisation of approximately US\$300 million.

We are attracted to Clinuvel due to our belief that SCENESSE uniquely serves the unmet need of patients who suffer from Erythropoietic Protoporphyrin (EPP). We believe that we can unlock the value of this asset through continued clinical and regulatory prosecution and adept commercial execution. Retrophin is keen to work with you, your Board and your management team to implement a transaction that would deliver immediate and certain value to Clinuvel shareholders at a significant premium to the market price or, alternatively, allow them to continue to share in the potential upside from SCENESSE by being a shareholder in Retrophin. A combination with Retrophin is an attractive proposition for Clinuvel

shareholders, due to Retrophin's increased financial and operational scale and capability to commercialise SCENESSE (subject to receiving the necessary regulatory approvals), as well as exposure to Retrophin's diversified product portfolio and substantial pipeline of new and innovative drugs.

We would seek to progress this matter in a timely and confidential manner with a focus on maximising certainty and minimising any disruption to Clinuvel and your shareholders.

Overview of the Indicative Offer

We propose to acquire all of the outstanding shares in Clinuvel, for either (at Clinuvel shareholders' election):

- 0.175 Retrophin shares per Clinuvel share (the "**Scrip Option**"), representing an implied value¹ (based on the one month VWAP of Retrophin shares) of A\$2.14 per Clinuvel share; or
- A\$2.17 in cash per share (the "**Cash Option**").

This Indicative Offer represents an attractive premium for Clinuvel shareholders, as set out in the table below

Premium to Clinuvel's:	Cash Option	Scrip Option ²
Last close price (as of 16-July)	50%	39%
One month VWAP for the month ended 16-July	39%	37%
May 2014 Placement Price ³	31%	29%

This Indicative Offer is based on our assessment of the value of Clinuvel to Retrophin taking into account all of the information about Clinuvel which is available in the public domain. We would seek to undertake a short and focused due diligence exercise after which we would seek to confirm the price at which we would be prepared to proceed.

Specifically, this proposal assumes, among other things, that:

- Clinuvel has not less than \$A10 million of cash on its balance sheet at the time of entry into a binding agreement; and
- Clinuvel has 42,391,435 shares and 1,466,482 conditional performance rights on issue.

Retrophin would seek to acquire all the unlisted conditional performance rights in Clinuvel currently on issue for a cash price which is based on our offer price.

Existing interests in Clinuvel

As of the date of this letter, Retrophin owns 1,819,214 ordinary shares and 250,251 Authorised Depository Receipts, representing approximately 4.88% of Clinuvel shares on issue.

As of 29 January 2014, the day immediately preceding Retrophin's first purchase of any Clinuvel shares (the "**Initial Acquisition Date**"), the price for Clinuvel shares was A\$1.47. As of 9 July 2014, the share price of Clinuvel shares was A\$1.70, representing a 15.6% increase in the share price since the Initial Acquisition Date. As of the date of this letter, Retrophin purchases of ordinary shares in Clinuvel represented 50% of the trading volume since the Initial Acquisition Date. Retrophin contends that the share price has been supported by the significant acquisition of Clinuvel shares by Retrophin, enhancing the attractiveness of our already large premium offer.

Financing

Retrophin will finance the cash consideration from its existing cash balance and has received indicative terms for a financing from a major investment bank which will be finalized in connection with an accepted proposal from Clinuvel. We can provide you with further details of our financing should you proceed with this Indicative Offer. Since May 30, 2014, Retrophin has raised US\$91 million in debt and convertible equity financings.

Implementation and conditions

We propose to acquire all of the outstanding shares in Clinuvel that we do not already own by a scheme of arrangement.

We expect that Retrophin and Clinuvel would negotiate an Implementation Agreement which would be subject to only a limited number of conditions, including customary conditions such as no material adverse change in relation to Clinuvel and no prescribed occurrences in relation to Clinuvel (including no payment of special dividends).

We do not anticipate that Retrophin will require Foreign Investment Review Board (FIRB) approval as a condition to our proposal. Retrophin would require final Board approval prior to executing an Implementation Agreement.

The Implementation Agreement would also provide for Clinuvel to continue to operate its business in the ordinary course and not to undertake significant transactions without Retrophin's agreement. Given the significant benefits of Retrophin's proposal to Clinuvel's shareholders, we would also require the Implementation Agreement to include exclusivity arrangements and a break fee equal to 1% of the total equity value which would be payable to Retrophin in certain circumstances, including in the event any Clinuvel director withdraws their recommendation of the proposal.

Due diligence and appointment of advisers

Retrophin has completed a thorough review of Clinuvel based on information which is currently publicly available to us.

In order to confirm the basis on which Retrophin is prepared to proceed, we would like to undertake a short and focussed supplemental due diligence review. We expect that this exercise will take approximately four weeks from the time when the necessary information is available and assuming that

we have access to the appropriate management staff. We would seek to ensure that the process is confidential and minimises any disruption to Clinuvel's business. We would focus primarily on regulatory, manufacturing, clinical, commercial, financial and legal matters.

Naturally, we would be prepared to enter into an appropriate confidentiality agreement and have prepared a draft agreement for your review.

Retrophin's advisers include:

-- Financial adviser UBS Investment Bank
-- Legal adviser Johnson Winter & Slattery
-- Accounting / Tax adviser BDO

Timetable and next steps

We are keen to progress this opportunity quickly and believe that an expedited timetable is appropriate to ensure minimal disruption to Clinuvel's business.

We suggest the following timetable, which has been designed to minimise the disruption to the business and maintain confidentiality.

Event	Proposed timing
Date of this letter	17 July 2014
Agreement from Clinuvel to proceed	by Monday, 21 July
Due diligence	21 July - 15 August
Negotiate Implementation Agreement	By 15 August
Execute Implementation Agreement and announce transaction to market	Late August

Basis of this proposal and confidentiality

Retrophin's Board of Directors has approved the terms of this Indicative Offer. However, this letter does not represent a legally binding commitment or impose any obligations on Retrophin regarding the proposal. No such commitment or obligations shall arise unless and until Retrophin has completed satisfactory due diligence and a mutually acceptable Implementation Agreement is executed. This Indicative Offer is therefore incomplete and non-binding.

This proposal is strictly confidential and is provided to Clinuvel on the basis that this Indicative Offer (including its existence and any of its contents) will not be disclosed by Clinuvel to any person other than its Board, senior management and advisers on a 'need to know' basis, unless Retrophin has expressly agreed to such disclosure in advance. If this Indicative Offer is disclosed without the prior express consent of Retrophin, Retrophin may withdraw it immediately in its absolute discretion.

We do not believe that any announcement in respect of this proposal is required under ASX Listing Rules.

Conclusion

Retrophin believes that this Indicative Offer is compelling and will reap substantial benefits for Clinuvel shareholders. We look forward to working with you to ensure a timely outcome.

Yours sincerely

Martin Shkreli
Founder and Chief Executive Officer

¹ One month VWAP for the month ended 16-July for Retrophin shares of US\$11.45; AUD/USD exchange rate of A\$1.00 = US\$0.937 (as of 16-July)

² Based on the Retrophin share price over the equivalent period and exchange rate as above

³ Scrip Option premium based on Retrophin's one month VWAP for the month ended 16-July

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Source: Retrophin, Inc.

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