

# LETTER FROM THE CHAIRMAN OF VALIRX PLC

ValiRx plc

(Incorporated and registered in England and Wales with Registered No. 03916791)

*Directors*

Nicholas Thorniley (Chairman)  
Satu Vainikka (Chief Executive Officer)  
Gerald Desler (Chief Financial Officer)  
George Morris (Chief Operating Officer)  
Jake Micallef (Chief Technical Officer)  
Kevin Alexander (Non-executive Director)  
Norman Hardman (Non-executive Director)

*Registered Office*  
24 Greville Street  
London  
EC1N 8SS

4 December 2009

Dear Shareholder,

## INTRODUCTION

The Company has today announced that a General Meeting of the Company will be held at 10am on 30 December 2009 at which the Directors are seeking to increase the share authorities of the Company.

The purpose of this document is to provide you with information on, and to outline the reasons for, the Resolutions and to explain why the Board considers them to be in the best interests of the Company and Shareholders as a whole, and why it recommends that you vote in favour of the Resolutions to be proposed. Notice of the General Meeting and a form of proxy for use at the General Meeting are enclosed with this document.

## BACKGROUND TO AND REASONS FOR THE RESOLUTIONS

As previously announced, the Company continues to develop its operations which are focused on creating new markets for the very early detection of cancer so as to be able to offer significantly improved treatments. Until its operations are revenue generating to a sufficient level, the Company is dependent on the availability of grants to fund its operating subsidiaries, its ability to raise additional capital through the issue of further equity and the successful recovery of contractual sums due to be paid.

Until grants are received and contractual sums are paid, the Company is dependent on its ability to raise additional capital through the issue of equity.

The Resolutions have been proposed to increase the Company's share authorities to provide the Directors with the ability to raise further finance through the issue of new Ordinary Shares.

## GENERAL MEETING

A General Meeting has been convened for 10am on 30 December 2009 to be held at the offices of WH Ireland, 24 Martin Lane, London, EC4R 0DR at which the following resolutions will be proposed:

### Ordinary Resolution

1. THAT the directors be and they are hereby authorised, generally and unconditionally for the purpose of Section 551 of the Companies Act 2006 (the **2006 Act**) to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company (relevant securities) up to a maximum aggregate nominal amount of 200,000,000

ordinary 1p shares PROVIDED THAT this authority shall expire at the end of the annual general meeting held next after the passing of this resolution and the Company may before such expiry make an offer, agreement or other arrangement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities pursuant to any such offer, agreement or other arrangement as if the authority hereby conferred had not so expired. This authority is in substitution for all previous authorities conferred on the directors in accordance with Section 80 of the Companies Act 1985 (the **1985 Act**) or Section 551 of the 2006 Act.

### **Special Resolution**

2. THAT, subject to the passing of the previous resolution, the directors be given the general power to Section 570 of the 2006 Act, to allot equity securities (as defined in Section 560 of the 2006 Act) for cash pursuant to the authority conferred by the previous resolution as if Section 561(1) of the 2006 Act did not apply to such allotment PROVIDED THAT, this power shall be limited to the allotment of equity securities:
  - a. in connection with an offer of such securities by way of rights or other pro rata offer to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, record dates or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
  - b. otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £1,250,000

and shall expire at the end of the annual general meeting held next after the passing of this resolution except that the Company may before such expiry make an offer, agreement or other arrangement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer, agreement or other arrangement as if the authority hereby conferred had not so expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if either section 89(1) of the 1985 Act or section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

### **ACTION TO BE TAKEN**

A Form of Proxy is enclosed for use by Shareholders at the General Meeting. Whether or not Shareholders intend to be present at the General Meeting they are asked to complete, sign and return the Form of Proxy to the Company's registered office as soon as possible, but in any event so as to arrive no later than 10am on 24 December 2009. The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they wish to do so. Accordingly, whether or not Shareholders intend to attend the General Meeting, they are urged to complete and return the Form of Proxy as soon as possible.

## **RECOMMENDATION**

The Directors consider the proposals described in this circular to Shareholders are in the best interests of the Company and of Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions to be proposed at the General Meeting, as they intend to do in respect of their own beneficial holdings of 15,007,910 Ordinary Shares representing 9.80 per cent. of the Existing Ordinary Shares in issue.

**Nicholas Thorniley**  
**Chairman**

## DEFINITIONS

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

“1985 Act”	the Companies Act 1985 (as amended);
“2006 Act”	the Companies Act 2006;
“Board” or “Directors”	the directors of the Company, whose names are set out on page 1 of this document or any duly authorised committee thereof;
“Company”	ValiRx plc;
“Existing Ordinary Shares”	153,145,030 Ordinary Shares in issue at the date of this document;
"Form of Proxy"	the form of proxy for use by Shareholders in connection with the General Meeting, which is enclosed with this document;
"General Meeting"	the general meeting of the Company to be held at the offices of WH Ireland, 24 Martin Lane, London, EC4R 0DR at 10a.m. on 30 December 2009 (or any adjournment thereof), notice of which is set out at the end of this document;
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company;
"Resolutions"	the resolutions to be put to Shareholders at the General Meeting;
“Shareholders”	holders of Ordinary Shares;
“WH Ireland”	WH Ireland Limited.

## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting (**Meeting**) of ValiRx plc (**Company**) will be held at the offices of W H Ireland at 24 Martin Lane, London, EC4R 0DR on Thursday 30<sup>th</sup> December 2009 at 10.00 am.

You will be asked to consider and vote on the resolutions below, of which Resolution 1 is an ordinary resolution and Resolution 2 is a special resolution.

### Ordinary Resolution

1. THAT the directors be and they are hereby authorised, generally and unconditionally for the purpose of Section 551 of the Companies Act 2006 (the **2006 Act**) to allot shares in the Company, or to grant rights to subscribe for or to convert any security into shares in the Company (relevant securities) up to a maximum aggregate nominal amount of 200,000,000 ordinary 1p shares PROVIDED THAT this authority shall expire at the end of the annual general meeting held next after the passing of this resolution and the Company may before such expiry make an offer, agreement or other arrangement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities pursuant to any such offer, agreement or other arrangement as if the authority hereby conferred had not so expired. This authority is in substitution for all previous authorities conferred on the directors in accordance with Section 80 of the Companies Act 1985 (the **1985 Act**) or Section 551 of the 2006 Act.

### Special Resolution

2. THAT, subject to the passing of the previous resolution, the directors be given the general power to Section 570 of the 2006 Act, to allot equity securities (as defined in Section 560 of the 2006 Act) for cash pursuant to the authority conferred by the previous resolution as if Section 561(1) of the 2006 Act did not apply to such allotment PROVIDED THAT, this power shall be limited to the allotment of equity securities:
  - a. in connection with an offer of such securities by way of rights or other pro rata offer to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements, record dates or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and
  - b. otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £1,250,000

and shall expire at the end of the annual general meeting held next after the passing of this resolution except that the Company may before such expiry make an offer, agreement or other arrangement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer, agreement or other arrangement as if the authority hereby conferred had not so expired.

This resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if either section 89(1) of the 1985 Act or section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

**ValiRx plc**  
24 Greville Street  
London, EC1N 8SS  
4 December 2009

**By order of the Board**  
  
Kevin Alexander (Company Secretary)

## NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING

### 1. Entitlement to attend and vote

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:

- 6.00 pm on 24 December 2009; or,
- if this Meeting is adjourned, at 6.00 pm on the day two working days prior to the adjourned meeting,

shall be entitled to attend and vote at the Meeting.

### 2. Appointment of proxies

If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU.

A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

### 3. Appointment of proxy using hard copy proxy form

The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be completed signed; sent or delivered to the Company at 24 Greville Street, London EC1N 8SS and received by the Company no later than 24 December 2009 at 10.00 am.

In the case of a member which is a company, the proxy form 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 proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

#### **4. Appointment of proxies through CREST**

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent, Capita Registrars (Participant ID RA10) by 24 December 2009 at 10.00 am. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST 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(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, 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.

#### **5. Appointment of proxy by joint members**

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

## **6. Changing proxy instructions**

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 Gerry Desler at the Company.

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.

## **7. Termination of proxy appointments**

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 to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU. 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 the Company no later than 24 December 2009 at 10.00 am.

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.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

## **8. Communication**

You may not use any electronic address provided either in this notice of annual general meeting; or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.

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**VALIRX PLC (Company)**

**General Meeting**

**Proxy Form**

Name:

.....

Address:

.....

Before completing this form, please read the explanatory notes overleaf.

I/We being a member of the Company appoint the Chairman of the meeting or (see note 3)

.....  
as my/our proxy to attend, speak and vote on my/our behalf at the Annual General Meeting of the Company to be held on 30 December 2009 at 10.00 am and at any adjournment of the meeting.

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an 'X'. If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

<b>RESOLUTIONS</b>	<b>FOR</b>	<b>AGAINST</b>	<b>VOTE WITHHELD</b>	<b>DISCRETIONARY</b>
<b>SPECIAL BUSINESS</b>				
1. To authorise the directors to allot shares pursuant to Section 551 of the Companies Act 2006				
2. To disapply statutory pre-emption rights pursuant to Section 570 of the Companies Act 2006				
Signature				Date

**Notes to the proxy form**

- 1 As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
- 2 Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
- 3 A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint

as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish you proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

- 4 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU.
- 5 To direct your proxy how to vote on the resolutions mark the appropriate box with an 'X'. To abstain from voting on a resolution, select the relevant 'Vote withheld' box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the 'Discretionary' option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
- 6 To appoint a proxy using this form, the form must be completed signed, and sent or delivered to the Company at its registered office and received by the Company's registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, BR3 4TU no later than 24 December 2009 at 10.00 am.
- 7 In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
- 8 Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
- 9 CREST members who wish to appoint a proxy or proxies by using the CREST electronic appointment service may do so by using the procedures described in the CREST Manual. To be valid, the appropriate CREST message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy, must be transmitted so as to be received by our agent Capita Registrars, (CREST participant ID RA10) by 24 December 2009 at 10.00 am.
- 10 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
- 11 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.
- 12 For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.