

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, solicitor, accountant, bank manager or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000. The whole of this document should be read.**

If you have sold or otherwise transferred all your ordinary shares in the capital of ValiRx Plc, please send this document, together with the accompanying 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 onward transmission to the purchaser or transferee. If you have sold or transferred any part of your registered holding of ordinary shares, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected.

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# **VALIRX PLC**

*(Incorporated in England and Wales with registered number 03916791)*

**Placing of 451,621,800 new Ordinary Shares at 0.45 pence each**

## **Notice of General Meeting**

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**Your attention is drawn to the letter from the Chairman of ValiRx Plc set out in this document which recommends that you vote in favour of the resolution to be proposed at the General Meeting.**

A notice convening a General Meeting of ValiRx Plc to be held at the offices of Nabarro LLP at Lacon House, 84 Theobald's Road, London WC1X 8RW at 11:30 a.m. on 19 November 2012 is set out at the end of this document. A Form of Proxy for use at the General Meeting is enclosed with this document. **To be valid, the accompanying Form of Proxy for use in connection with the General Meeting must be completed in accordance with the instructions printed on it and returned by post or by hand as soon as possible but, in any event, so as to be received by the Company's registrars, Capita Registrars at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by no later than 11:30 a.m. on 15 November 2012.**

CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Company's registrars, Capita Registrars (under CREST participant RA10) by no later than 11:30 a.m. on 15 November 2012. The time of receipt will be taken to be the time from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

The completion and deposit of the Form of Proxy or transmitting a CREST Proxy Instruction will not preclude Shareholders from attending and voting in person at the General Meeting should they wish to do so.

The Directors' recommendation is set out on page 6 of this document.

Hybridan, which is authorised and regulated by the Financial Services Authority, is acting exclusively for ValiRx Plc in relation to the Placing and is not acting for any other person and will not be responsible to any other person for providing the protections afforded to the customers of Hybridan or for advising them on the contents of this document or any other matter in relation to the Placing. Neither Hybridan nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Hybridan in connection with this document, any statement contained herein or otherwise.

## EXPECTED TIMETABLE OF EVENTS

**2012**

Publication of this document	1 November
Latest time for receipt of Forms of Proxy for the General Meeting	11:30 a.m. on 15 November
General Meeting	11:30 a.m. on 19 November
Admission effective and trading in the Placing Shares expected to commence on AIM	8.00 a.m. on 20 November
CREST accounts credited with Placing Shares	20 November
Share certificates in respect of the Placing Shares expected to be despatched by no later than (where applicable)	20 November

## PLACING STATISTICS

Placing Price	0.45 pence
Number of Existing Ordinary Shares in issue at the date of this document	1,259,562,609
Number of Placing Shares being issued by the Company for subscription in the Placing	451,621,800
Number of Ordinary Shares in issue immediately following Admission	1,711,184,409
Percentage of Enlarged Issued Share Capital represented by the Placing Shares	26.4 per cent.
Gross amount being raised under the Placing	£2,032,298.10

## DEFINITIONS

In this document and in the Form of Proxy the following definitions shall apply unless the context requires otherwise:

<b>“2012 AGM”</b>	the annual general meeting of the Company held on 29 May 2012;
<b>“Admission”</b>	the admission of the Placing Shares to trading on AIM;
<b>“AIM”</b>	AIM, a market operated by the London Stock Exchange;
<b>“Applicable Employee”</b>	an employee of the Company, within the meaning of the AIM Rules for Companies;
<b>“Board” or “Directors”</b>	the directors of the Company, whose names are set out on page 4 of this document;
<b>“Companies Act”</b>	the Companies Act 2006, as amended;
<b>“CREST”</b>	the relevant system (as defined in the Uncertificated Securities Regulations 2001) in respect of which Euroclear is the Operator (as defined in such regulations);
<b>“CREST Proxy Instruction”</b>	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in place of a Shareholder at the General Meeting and containing the information required to be contained in the manual published by Euroclear;
<b>“Enlarged Share Capital”</b>	the Company’s issued share capital immediately after completion of the Placing;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of CREST (formerly known as CRESTCo Limited);
<b>“Existing Ordinary Shares”</b>	the 1,259,562,609 Ordinary Shares in issue at the date of this document;
<b>“Form of Proxy”</b>	the form of proxy for use by the Shareholders in connection with the General Meeting enclosed with this document;
<b>“General Meeting”</b>	the general meeting of the Company convened for 11:30 a.m. on 19 November 2012, notice of which is set out at the end of this document, or any reconvened meeting following any adjournment thereof;
<b>“Hybridan”</b>	Hybridan LLP, broker to the Company;
<b>“Initial Allocation”</b>	the allocation of the Initial Allocation Shares to the Placees by Hybridan;
<b>“Initial Allocation Shares”</b>	251,911,700 of the Placing Shares;
<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“Ordinary Shares”</b>	the ordinary shares of 0.1 pence each in the capital of ValiRx;
<b>“Placees”</b>	the persons subscribing for the Placing Shares under the Placing;
<b>“Placing”</b>	the conditional placing in two allocations (Initial Allocation and Second Allocation) by Hybridan on behalf of the Company of 451,621,800 new Ordinary Shares at the Placing Price;
<b>“Placing Agreement”</b>	the conditional agreement dated 1 November 2012 between the Company and Hybridan;
<b>“Placing Price”</b>	0.45 pence per Ordinary Share
<b>“Placing Shares”</b>	the 451,621,800 new Ordinary Shares which have been conditionally placed by Hybridan
<b>“Resolution”</b>	the resolution to be approved at the General Meeting, details of which are set out in the notice of the General Meeting at the end of this document;

<b>“Second Allocation”</b>	the allocation of the Second Allocation Shares to Placees by Hybridan;
<b>“Second Allocation Shares”</b>	199,710,100 of the Placing Shares;
<b>“Shareholders”</b>	holders of Ordinary Shares and <b>“Shareholder”</b> shall be construed accordingly; and
<b>“ValiRx” or “Company”</b>	ValiRx Plc (incorporated in England and Wales with company number 03916791).

## LETTER FROM THE CHAIRMAN OF VALIRX PLC

# VALIRX PLC

*(Incorporated in England and Wales with registered number 03916791)*

*Directors:*

Mr Nicholas Thorniley (Non-Executive Chairman)  
Dr Satu Vainikka (Chief Executive Officer)  
Dr George Morris (Chief Operating Officer)  
Mr Gerry Desler (Chief Financial Officer)  
Mr Kevin Alexander (Non-Executive Director & Company Secretary)  
Mr Oliver de Giorgio-Miller (Non-Executive Director)

*Registered Office:*

24 Greville Street  
London  
EC1N 8SS

1 November 2012

*To Shareholders and, for information purposes only, to the holders of options over Ordinary Shares*

Dear Shareholder,

### **PLACING OF 451,621,800 NEW ORDINARY SHARES AT 0.45 PENCE EACH**

#### **NOTICE OF GENERAL MEETING**

#### **INTRODUCTION**

The Company announces that it has conditionally placed 451,621,800 Ordinary Shares at the Placing Price to raise approximately £2.03 million (gross of expenses). The Placing is conditional, inter alia, upon Shareholders approving the Resolution at the General Meeting to grant Directors authority to dis-apply statutory pre-emptive rights on allotment and also upon the Placing Shares being admitted to trading on AIM. Further details relating to the Placing are set out below.

The purpose of this document is to explain the background to and reasons for the Placing, why the Directors believe that it is in the best interest of the Company and its shareholders as a whole, why the Directors are seeking authority from Shareholders to issue the Placing Shares for cash on a non-pre-emptive basis and to recommend that you vote in favour of the Resolution.

At the end of this document, Shareholders will find the notice of the General Meeting. A Form of Proxy for use at the General Meeting is also enclosed with this document.

#### **BACKGROUND TO AND REASONS FOR THE PLACING**

The net funds raised from the issue and allotment of the Initial Allocation Shares and the Second Allocation Shares will provide the Company with the funding required to take VAL201 through and to the end of Phase 1, VAL201's first clinical trial. The trial is aimed at demonstrating that the compound is safe with respect to the context in which it is intended to be used and reveal what dosing level will be required to show a potential clinically measurable effect. This process is commonly referred to as a "Phase 1" clinical trial. It should be noted that the Company may have insufficient funds to complete the Phase 1 clinical trial if the Resolution proposed at the General Meeting is not passed by Shareholders. If the Resolution is passed and the Placing Shares are issued and allotted, the Company will have sufficient funds to complete the Phase 1 trial.

As announced on 11 October 2012, the Company believes that VAL201 is on the threshold of first in human trials, with other compounds anticipated to follow.

## The Placing

Under the terms of the Placing Agreement, Hybridan has conditionally placed, as agent and broker to the Company, 451,621,800 Ordinary Shares at the Placing Price to raise approximately £2.03 million (gross of expenses) for the Company.

The Placing is conditional, *inter alia*, upon Admission taking place by 8.00 a.m. on 19 November 2012 (or such later date, being not later than 30 November 2012, as the Company and Hybridan may agree).

The Placing Agreement contains provisions entitling Hybridan to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is exercised the Placing will lapse.

The Placing Shares, when issued and fully paid, will rank equally in all respects with the issued Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after Admission.

It is expected that Admission of the Placing Shares will become effective and dealings in the Placing Shares will commence on 20 November 2012.

The Placing is structured with two allocations (the Initial Allocation and the Second Allocation) both of which are, *inter alia*, inter-conditional on the approval by Shareholders of the Resolution being proposed at the General Meeting.

The existing authorities granted to the Directors at the 2012 AGM will be used to issue and allot the Initial Allocation Shares, raising approximately £1.13 million (gross of expenses).

In the event that the Resolution is not approved by Shareholders, Hybridan has the absolute discretion to waive the condition, in respect of the Initial Allocation, to obtain approval by Shareholders of the Resolution. If Hybridan elects to waive this condition, Placees who have elected to continue with the subscription of the Initial Allocation Shares shall be allotted and issued their respective Initial Allocation Shares pursuant to the authorities granted to the Directors at the 2012 AGM.

The issue and allotment of the Second Allocation Shares, raising approximately £0.90 million (gross of expenses) is conditional, *inter alia*, on the Resolution being approved by Shareholders at the General Meeting.

Following completion of the Placing (assuming the allotment and issue of all the Placing Shares) the Enlarged Share Capital will comprise 1,711,184,409 Ordinary Shares.

## Dealings by Directors and an Applicable Employee

The Directors and an Applicable Employee have participated in the Placing, further details of which are set out in the table below:

<b>Name</b>	<b>Number of Placing Shares</b>
Nicholas Thorniley	1,333,333
Satu Vainikka	2,222,222
George Morris	2,222,222
Gerry Desler	2,222,222
Kevin Alexander	1,333,333
Oliver de Giorgio-Miller	1,333,333
Kumar Nawani (Applicable Employee)	444,444
<b>Total</b>	<b>11,111,109</b>

## **GENERAL MEETING**

At the end of this document, Shareholders will find a notice convening the General Meeting to be held at 11:30 a.m. on 19 November 2012 at the offices Nabarro LLP at Lacon House, 84 Theobald's Road, London WC1X 8RW.

The Resolution is considered in detail below:

### **Resolution 1 - Authority to disapply statutory pre-emption rights**

The Companies Act requires that an allotment of new Ordinary Shares for cash may only be made if the new Ordinary Shares are first offered to existing Shareholders on a pre-emptive basis. The Directors do not have authority under the existing authority obtained at the 2012 AGM to allot the Second Allocation Shares on a non pre-emptive basis. Authority was given by Shareholders at the 2012 AGM to dis-apply pre-emption rights up to an aggregate nominal amount of £251,912 (representing approximately 20 per cent. of the Existing Ordinary Shares) for a period expiring at the conclusion of the next AGM in 2013.

As described above, the Directors are seeking to add to this authority with a new authority permitting the Directors to allot:

1. 199,710,100 new Ordinary Shares pursuant to the Placing (representing the Second Allocation Shares) for cash on a non pre-emptive basis, representing approximately 15.9 per cent. of the Existing Ordinary Shares; and
2. new equity securities up to an aggregate nominal amount of £178,159, representing approximately 10.4 per cent. of the Enlarged Share Capital.

In proposing this Resolution, the Directors consider that this Resolution will promote the success of the Company for the benefit of all its Shareholders as it will enable the Directors to allot the Second Allocation Shares as set out above and the balance of such authority to be retained to allow the Directors the flexibility to allot further shares from time to time, subject to the limitations set out in the Resolution.

### **ACTION TO BE TAKEN**

Shareholders will find the Form of Proxy enclosed with this document. Whether or not Shareholders intend to be present at the General Meeting, Shareholders are requested to complete and return the Form of Proxy as soon as possible and, in any event, so as to be received by the Company's registrars, Capita Registrars at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by no later than 11:30 a.m. on 15 November 2012.

CREST members can also appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Company's registrars, Capita Registrars (under CREST participant RA10) by no later than 11:30 a.m. on 15 November 2012. The time of receipt will be taken to be the time from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

The completion and deposit of the Form of Proxy or transmitting a CREST Proxy Instruction will not preclude Shareholders from attending and voting in person at the General Meeting should they wish to do so.

### **RECOMMENDATION**

The Board considers that the Resolution to be proposed at the General Meeting will promote the success of the Company for the benefit of all its Shareholders. Accordingly, the Board unanimously recommends you to vote in favour of the Resolution to be proposed at the General Meeting as they themselves intend to do so in respect of their own beneficial holdings of 58,712,596 Ordinary Shares (representing approximately 4.7 per cent. of the Existing Ordinary Shares in issue).

Yours sincerely

**Nicholas Thorniley**  
**Non-Executive Chairman**

## NOTICE OF GENERAL MEETING

# VALIRX PLC

*(Incorporated in England and Wales with registered number 03916791)*

(the “**Company**”)

**NOTICE IS HEREBY GIVEN** that a general meeting of the Company will be held at the offices of Nabarro LLP at Lacon House, 84 Theobald’s Road, London WC1X 8RW at 11:30 a.m. on 19 November 2012 for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution:

### **SPECIAL RESOLUTION**

1. **THAT** the directors be and are empowered in addition to all existing authorities, in accordance with section 570 of the Companies Act 2006, to allot equity securities (as defined in section 560(1) of the Companies Act 2006) for cash pursuant to the authority conferred by resolution 6 which was duly passed at the annual general meeting of the Company held on 29 May 2012 (“**AGM Resolution**”) above or by way of a sale of treasury shares as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to:

1.1 the allotment of 199,710,100 new Ordinary Shares of 0.1 pence each in the capital of the Company pursuant to a proposed placing by Hybridan on behalf of the Company; and

1.2 the allotment of equity securities up to an aggregate nominal amount of £178,159,

and this authority shall expire upon the expiry of the general authority conferred by the AGM Resolution, except that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the directors may allot equity securities and/or sell or transfer shares held by the Company in treasury in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.

*By order of the Board  
Kevin Alexander*

*Secretary*

1 November 2012

*Registered Office:*

24 Greville Street  
London  
EC1N 8SS



## Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint another person(s) (who need not be a member of the Company) to exercise all or any of his rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the proxy form. Appointing a proxy does not preclude you from attending the meeting and voting in person. If you attend the meeting in person, your proxy appointment will automatically be terminated.
3. An appointment of proxy is provided with this notice and instructions for use are shown on the form. In order to be valid, a completed appointment of proxy must be returned to the Company's registrars, Capita Registrars by one of the following methods:
  - 3.1 in hard copy form by post, by courier or by hand to the address shown on the form of proxy; or
  - 3.2 in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,and in each case must be received by the Company's registrars, Capita Registrars by no later than 11:30 a.m. on 15 November 2012.

Please note that any electronic communication sent to us in respect of the appointment of a proxy that is found to contain a computer virus will not be accepted.
4. To change your proxy instructions you may return a new proxy appointment using the methods set out above. 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 the Capita Registrars at PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.
  - 5.1 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so 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.
  - 5.2 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's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or 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 issuer's agent, Capita Registrars (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. 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.
  - 5.3 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.

- 5.4 CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland 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.
6. Only those shareholders registered in the Register of Members of the Company as at 6.00 p.m. on 15 November 2012 (or, if the meeting is adjourned, on the date which is two days before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting or adjourned meeting in respect of the number of shares registered in their respective names at that time. Changes to the Register of Members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting or adjourned meeting.
7. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
8. You may not use any electronic address provided either in this notice of general meeting or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.
9. As at 31 October 2012 (being the last business day before the publication of this notice), the Company's issued share capital consisted of 1,259,562,609 ordinary shares carrying one vote each. The Company does not hold any ordinary shares in treasury.
10. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if:
- 10.1 to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
  - 10.2 the answer has already been given on a website in the form of an answer to a question; or
  - 10.3 it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.



