

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, solicitor, accountant, bank manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or from another appropriate independent financial adviser if you are resident in any territory outside the United Kingdom.**

If you have sold or transferred your Existing Ordinary Shares in ValiRx plc, please send this Circular, together with the accompanying Form of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale was effected for onward transmission to the purchaser or transferee. If you have sold or transferred, or sell or transfer as above, part only of your holding of Existing Ordinary Shares in ValiRx plc, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

---

# ValiRx plc

*(Registered in England and Wales with registered number 3916791)*

## Proposed Reorganisation

## New Articles of Association

and

## Notice of General Meeting

---

Your attention is drawn to the letter from the Chairman of ValiRx plc which is set out on pages 4 to 6 of this document which contains your Board's recommendation to vote in favour of the resolutions to be proposed at the General Meeting referred to below.

Notice of the General Meeting of the Company to be held at 2.30pm on 21 April 2010 at the offices of Rooks Rider Solicitors, Challoner House, 19 Clerkenwell Close, London EC1R 0RR is set out at the end of this document.

To be valid, the Form of Proxy for use at the General Meeting, which is enclosed with this document, must be completed and returned so as to be received at the Company's registered office, 24 Greville Street, London EC1N 8SS by no later than 2.30pm on 19 April 2010. The completion and return of the Form of Proxy will not prevent you from attending and voting at the meeting in person, if you so wish (and are so entitled).

## CONTENTS

	<i>Page</i>
<b>Expected Timetable of Events</b>	2
<b>Definitions</b>	3
<b>Part I Letter from the Chairman of ValiRx plc</b>	4
<b>Part II Explanatory notes of principal changes to the Company's Articles of Association</b>	7
<b>Part III Notice of General Meeting</b>	8

<b>EXPECTED TIMETABLE OF EVENTS</b>	
Publication of this document	1 April 2010
Latest time and date for receipt of Forms of Proxy	2.30pm on 19 April 2010
General Meeting	2.30pm on 21 April 2010

References to time in this document are to London time.

## **DEFINITIONS**

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

“Board” or “Directors”	the directors of the Company, whose names are set out on page 4 of this document or any duly authorised committee thereof;
“Company”	ValiRx plc;
“Deferred Shares”	the deferred shares of 0.9 pence each in the capital of the Company to be created by Special Resolution 1;
“Existing Ordinary Shares”	157,945,030 ordinary shares of 1 pence each in the capital of the Company 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 Rooks Rider Solicitors, Challoner House, 19 Clerkenwell Close, London EC1R 0RR at 2.30pm on 21 April 2010 (or any adjournment thereof), notice of which is set out at the end of this document;
“New Articles”	the new articles of association of the Company to be adopted by Special Resolution 2;
“New Ordinary Shares”	new ordinary shares of 0.1 pence each in the capital of the Company following the Proposed Reorganisation
“Proposed Reorganisation”	the sub-division and reclassification of each of the Existing Ordinary Shares in issue into one New Ordinary Share and one Deferred Share
“Resolutions”	the resolutions to be put to Shareholders at the General Meeting;
“Shareholders”	holders of Ordinary Shares;

# 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

*To the holders of Ordinary Shares and, for information only, to participants in the Company's share option scheme*

1 April 2010

Dear Shareholder,

### INTRODUCTION

The Company has today announced that a General Meeting of the Company will be held at 2.30 pm on 21 April 2010 at which the Directors are seeking to effect the Proposed Reorganisation. A resolution will also be proposed to adopt New Articles to reflect the implementation of the remaining provisions of the Companies Act 2006 in October 2009.

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

#### Proposed Reorganisation

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 due are recovered, the Company is dependent on its ability to raise additional capital through the issue of equity.

The Directors believe that additional funds will be required for the further development of the business and intend to raise additional capital by a placing of New Ordinary Shares following approval of the Proposed Reorganisation. Under the provisions of the Companies Act 2006, the Company may not allot shares at a discount to their nominal value. The Existing Ordinary Shares have recently been trading at a price which is around or below the nominal value of 1p

per share. Accordingly, the Directors are proposing a reorganisation of the Company's share capital, approval of which will provide the Directors with greater flexibility to raise finance through the issue of additional ordinary share capital.

Subject to approval by the Shareholders at the General Meeting, the Directors propose to subdivide each issued Existing Ordinary Share into one New Ordinary Share and one Deferred Share. Immediately following the Proposed Reorganisation, each Shareholder will hold one New Ordinary Share and one Deferred Share in place of each Existing Ordinary Share. The rights of the holders of New Ordinary Shares will be the same as the rights of the holders of Existing Ordinary Shares.

Immediately following the Proposed Reorganisation, and assuming that no further Existing Ordinary Shares are issued between the date of this document and the Proposed Reorganisation becoming effective, the issued share capital of the Company will comprise 157,945,030 New Ordinary Shares, 157,945,030 Deferred Shares and 58,378,365 deferred shares of 5p each.

Share certificates representing the Existing Ordinary Shares will remain valid for the New Ordinary Shares. No share certificates will be issued for the Deferred Shares.

### **Deferred Shares**

The Deferred Shares will have no right to vote, attend or speak at general meetings of the Company and will have no right to receive any dividend or other distribution and will have only limited rights to participate in any return of capital on a winding-up or liquidation of the Company. No application will be made to the London Stock Exchange for admission of the Deferred Shares to trading on AIM.

### **New Articles of Association**

We are asking Shareholders to approve a number of amendments to our articles of association primarily to reflect the implementation of the remaining provisions of the Companies Act 2006 in October 2009. An explanation of the main changes between the proposed and the existing articles of association is set out in Part II on page 7 of this document.

A copy of the proposed new articles of association of the Company will be available for inspection at the Company's Registered Office until the time of the General Meeting and at the offices of Rooks Rider Solicitors, Challoner House, 19 Clerkenwell Close, London EC1R 0RR from 15 minutes before the General Meeting until it ends.

### **GENERAL MEETING**

A General Meeting has been convened for 2.30 pm on 21 April 2010 to be held at the offices of Rooks Rider Solicitors, Challoner House, 19 Clerkenwell Close, London EC1R 0RR at which the following resolutions will be proposed:

### **Special Resolutions**

1. That each of the issued ordinary shares of 1 pence each in the capital of the Company be and is hereby subdivided into and reclassified as one ordinary share of 0.1 pence and one deferred share of 0.9 pence ("**Deferred Share**"), the Deferred Shares having the same rights in all respects as the existing deferred shares of 5p each in the capital of the Company as set out in the Company's Articles of Association.

2. That:

- 2.1 the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and
- 2.2 the draft regulations produced to the Meeting and, for the purposes of identification, initialled by the Chairman be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

### **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, 24 Greville Street, London EC1N 8SS as soon as possible, but in any event so as to arrive no later than 2.30pm on 19 April 2010. 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 9.50 per cent. of the Existing Ordinary Shares in issue.

**Nicholas Thorniley**  
**Chairman**

## **PART II**

### **EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION**

#### **1. The Company's objects**

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in the company's articles of association but the company can remove these provisions by special resolution.

Further the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 2.1 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of shareholders.

#### **2. Authorised share capital and unissued shares**

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

## PART III

### NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting (“Meeting”) of ValiRx plc (“Company”) will be held at the offices of Rooks Rider Solicitors, Challoner House, 19 Clerkenwell Close, London EC1R 0RR on 21 April 2010 at 2.30 pm. You will be asked to consider and vote on the Special Resolutions.

#### Special Resolutions

1. That each of the issued ordinary shares of 1 pence each in the capital of the Company be and is hereby subdivided into and reclassified as one ordinary share of 0.1 pence and one deferred share of 0.9 pence (“**Deferred Share**”), the Deferred Shares having the same rights in all respects as the existing deferred shares of 5p each in the capital of the Company as set out in the Company’s Articles of Association.

2. That:

- 2.1 the Articles of Association of the Company be amended by deleting all the provisions of the Company’s Memorandum of Association which, by virtue of section 28 Companies Act 2006, are to be treated as provisions of the Company’s Articles of Association; and
- 2.2 the draft regulations produced to the General Meeting and, for the purposes of identification, initialled by the Chairman be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

ValiRx plc  
24 Greville Street  
London EC1N 8SS  
1 April 2010

By order of the Board  
Gerry Desler (Chief Financial Officer)

#### NOTES TO THE NOTICE OF 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 19 April 2010; 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 at the Company's registered office, 24 Greville Street, London EC1N 8SS.

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's registered office, 24 Greville Street, London EC1N 8SS and received by no later than 19 April 2010 at 2.30 pm.

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 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).

### 5. Changing proxy instructions

To change your proxy instructions, simply submit a new proxy appointment using the method set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies 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.

### 6. 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 the Company's registered office, 24 Greville Street, London EC1N 8SS. 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 19 April 2010 at 2.30pm. 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.

#### 7. Communication

You may not use any electronic address provided either in this notice of 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.

✂-----

**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 General Meeting of the Company to be held on 21 April 2010 at 2.30 pm 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>
1. To sub-divide each ordinary share of 1p into one new ordinary share of 0.1p and one deferred share of 0.9p.				
2. To adopt New Articles of Association.				

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 your 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 at the Company's registered office, 24 Greville Street, London EC1N 8SS.

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's registered office, 24 Greville Street, London EC1N 8SS no later than 19 April 2010 at 2.30pm.

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 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).

10 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.

11 For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of Meeting.