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

and

Notice of General Meeting

Your attention is drawn to the letter from the Chairman of ValiRx plc which is set out on pages 3 and 4 of this document which contains your Board’s recommendation to vote in favour of the resolution to be proposed at the General Meeting referred to below.

Notice of the General Meeting of the Company to be held at 10 a.m. on 13 February 2009 at the offices of Bircham Dyson Bell LLP, 50 Broadway, London SW1H 0BL 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 by Capita Registrars no later than 10 a.m. on 11 February 2009. You can return your Form of Proxy by post to Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. 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

Page

Expected Timetable of Events 2
Letter from the Chairman 3
Definitions 5
Notice of General Meeting 6

EXPECTED TIMETABLE OF EVENTS

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publication of this document</td>
<td>28 January 2009</td>
</tr>
<tr>
<td>Latest time and date for receipt of Forms of Proxy</td>
<td>10 a.m. on 11 February 2009</td>
</tr>
<tr>
<td>General Meeting</td>
<td>10 a.m. on 13 February 2009</td>
</tr>
<tr>
<td>Record Date and Time</td>
<td>6 p.m. on 13 February 2009</td>
</tr>
</tbody>
</table>

References to time in this document are to London time.
LETTER FROM THE CHAIRMAN

ValiRx plc
(Registered in England and Wales No. 3916791)

Directors:Registered Office:
Nicholas Thorniley – Chairman 24 Greville Street
Satu Vainikka – Chief Executive Officer London
Jake Micallef – Chief Operating Officer EC4Y 0DJ
George Morris – Chief Development Officer
Gerry Desler – Chief Financial Officer
Kevin Alexander – Non-executive Director
Norman Hardman – Non-executive Director

28 January 2009

To all Shareholders of ValiRx plc and, for information only, to participants in the Company’s share option schemes.

Dear Shareholder

PROPOSED REORGANISATION
AND GENERAL MEETING

1 INTRODUCTION

The Company has today announced that a General Meeting of the Company will be held at 10 a.m. on 13 February 2009 at which the Directors are proposing to effect the Proposed Reorganisation.

The purpose of this document is to provide you with information on, and to outline the reasons for, the Proposed Reorganisation and to explain why the Board considers it 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 Special Resolution to be proposed to effect the Proposed Reorganisation. Notice of the General Meeting and a form of proxy for use at the General Meeting are enclosed with this document.

2 BACKGROUND TO AND REASONS FOR PROPOSED REORGANISATION

In order to finance the further development of the Company’s business, the Directors believe that additional funds will be required. The Company will look to raise this additional capital by a placing of New Ordinary Shares following approval of the Proposed Reorganisation.

The current market price of the Company’s Existing Ordinary Shares is less than the nominal value. The Company cannot issue new shares at less than the nominal value so in order to raise additional funds, the Company needs to reorganise its share capital to reduce the nominal value of its ordinary shares.

Subject to approval by the Shareholders at the General Meeting, the Directors propose to sub-divide each issued Existing Ordinary Share into one New Ordinary Share and one Deferred Share and sub-divide each of the unissued Existing Ordinary Shares into six New Ordinary Shares. Immediately following the Proposed Reorganisation, the total number of New Ordinary Shares in issue will be unchanged and each existing Shareholder will continue to hold one New Ordinary Share in place of each Existing Ordinary Share. Existing certificates representing the Existing Ordinary Shares will remain valid for the New Ordinary Shares. No share certificates will be issued for the Deferred Shares.

Following the Reorganisation, and assuming no further Existing Ordinary Shares are issued between the date of this Circular and the Reorganisation becoming effective, the issued share capital will comprise of 58,378,365 New Ordinary Shares and 58,378,365 Deferred Shares.
3 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.

4 GENERAL MEETING

Set out at the end of this document is a notice convening a General Meeting of the Company to be held at 10 a.m. on 13 February 2009. At the General Meeting, the Special Resolution will be proposed to approve the Proposed Reorganisation.

The Special Resolution will be passed if at least 75 per cent. of the votes cast are in favour.

5 ACTION TO BE TAKEN

Enclosed with this Circular is a Form of Proxy for use in relation to the General Meeting. Whether or not you intend to be present at the General Meeting, you are requested to complete and return the Form of Proxy, in accordance with the instructions printed thereon, to the Company’s registrars, Capita Registrars, as soon as possible and in any event to arrive not later than 10 a.m. on 11 February 2009. You can return your Form of Proxy by post to the registrars at Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The completion and return of the Form of Proxy will not prevent you from attending and voting at the General Meeting in person, if you so wish.

6 RECOMMENDATION

The Directors consider the proposals described in this document to be 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 Special Resolution to be proposed at the General Meeting, as they intend to do in respect of their own beneficial holdings of 12,007,910 Existing Ordinary Shares representing 20.57 per cent. of the Existing Ordinary Shares in issue.

Yours faithfully

Nicholas Thorniley
Chairman
DEFINITIONS

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

"Board" or "Directors" the board of directors of the Company
"Capita Registrars" a trading division of Capita IRG Plc
"Circular" this circular to Shareholders of the Company
"Companies Act" or "Act" the Companies Act 1985, as amended, and the Companies Act 2006, to the extent in force
"Company" or "ValiRx" ValiRx plc
"Deferred Shares" the deferred shares of 5 pence each in the capital of the Company to be created by the Special Resolution.
"Existing Ordinary Shares" existing ordinary shares of 6 pence each in the capital of the Company
"General Meeting" the General Meeting of the Company to be held on 13 February 2009 at 10 a.m., notice of which is set out on page 6 of this document
"Form of Proxy" the form of proxy for use at the General Meeting enclosed with this document
"London Stock Exchange" the London Stock Exchange plc
"New Ordinary Shares" new ordinary shares of 1 pence each in the capital of the Company following the 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 and the sub-division of each unissued Existing Ordinary Share into six New Ordinary Shares
"Shareholders" holders of Existing Ordinary Shares
"Special Resolution" the special resolution to be proposed at the General Meeting
NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of ValiRx plc (the "Company") will be held at 10 a.m. on 13 February 2009 at the offices of Bircham Dyson Bell LLP, 50 Broadway, London SW1H 0BL for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as a special resolution:

SPECIAL RESOLUTION

THAT:

(a) each of the issued ordinary shares of 6 pence each in the capital of the Company be and is hereby sub-divided into and reclassified as one ordinary share of 1 pence and one deferred share of 5 pence ("Deferred Share"), the Deferred Shares having the rights attaching thereto set out in the new Article 3 referred to in paragraph (b) below and that each of the unissued ordinary shares at 6 pence each in the capital of the Company be and hereby sub-divided into six ordinary shares of 1 pence each; and

(b) subject to, and with effect from, the reclassification referred to in paragraph (a) above, article 3 of the articles of association of the Company shall be replaced with the following new article 3:

"3 (A) The authorised share capital of the Company is £7,200,000 divided into 428,108,175 ordinary shares of 1 pence each ("ordinary shares") and 58,378,365 deferred shares of 5 pence each ("Deferred Shares"), of which 58,378,365 ordinary shares and 58,378,365 Deferred Shares are currently in issue and credited as fully paid.

(B) The Deferred Shares have the following rights and privileges and are subject to the following limitations:

(i) AS REGARDS INCOME:

The Deferred Shares shall not be entitled to any dividends or to any other right or participation in the profits of the Company.

(ii) AS REGARDS CAPITAL:

On a return of assets on liquidation, each Deferred Share shall confer on the holder(s) thereof an entitlement to receive out of the assets of the Company available for distribution amongst the members (subject to the rights of any new class of shares with preferred rights) the amount paid up or credited as paid up on the Deferred Share after (but only after) payment shall have been made to the holders of the ordinary shares of 1 pence each of the amounts paid up or credited as paid up on such shares and the sum of £1,000,000 in respect of each ordinary share held by them respectively. The holder(s) of the Deferred Shares shall have no further right to participate in the assets of the Company.

(iii) AS REGARDS VOTING:

The holder(s) of the Deferred Shares shall not be entitled to vote upon any resolution and shall not be entitled to receive notice of, attend any general meeting or be part of the quorum thereof.
(iv) **AS REGARDS VARIATION OF RIGHTS:**

Any reduction of capital involving the cancellation of the Deferred Shares for no consideration shall not be deemed to be a variation of the rights attaching to it nor a modification or abrogation of the rights or privileges attaching to the Deferred Shares and accordingly the Deferred Shares may at any time be cancelled for no consideration by a Special Resolution passed by the holders of the ordinary shares without notice thereof being given to the holder(s) of the Deferred Shares and without any sanction on the part of any holder(s) of the Deferred Shares.

(v) **FURTHER ISSUES:**

The special rights conferred upon the holder(s) of the Deferred Shares shall be deemed not to be modified, varied or abrogated by the creation or issue of further shares ranking pari passu with or in priority to the Deferred Shares.”

**Notes:**

**Entitlement to attend and vote**

(i) 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:
6.00pm. on 11 February 2009; or,
if this Meeting is adjourned, at 6.00pm. on the day two days prior to the adjourned meeting,
shall be entitled to attend and vote at the General Meeting.

**Appointment of proxies**

(ii) If you are a member of the Company at the time set out in note (i) above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the General 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.

(iii) A proxy does not need to be a member of the Company but must attend the General 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.

(iv) 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.

(v) 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 General Meeting.

**Appointment of proxy using hard copy proxy form**

(vi) The notes to the proxy form explain how to direct your proxy how to vote on the resolution or withhold its vote.

(vii) To appoint a proxy using the proxy form, the form must be completed signed; sent or delivered to the Company’s registrars at Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU to arrive no later than 11 February 2009 at 10 a.m.

(viii) 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.

(ix) 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.

**Appointment of proxy using CREST Proxy Voting Service**

(x) To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer’s agent RA10 by 10.00 a.m. on 11 February 2009. 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. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the company’s registrars no later than 10.00 a.m. on 11 February 2009.
Appointment of proxy by joint members

(xi) 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).

Changing proxy instructions

(xii) 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.

(xiii) 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 Company at its registered office.

(xiv) 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.

Termination of proxy appointments

(xv) In order to revoke a proxy instruction you will need to inform Capita Registrars by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Registrars (Proxies), The Registry, 34 Beckenham Road, Beckenham, Kent 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.

(xvi) The revocation notice must be received by Capita Registrars no later than 11 February 2009 at 10 a.m.

(xvii) 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.

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

Corporate Representatives

(xix) In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman is being appointed as described in (i) above.

Communication

(xx) 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.