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If you have sold or otherwise transferred all of your Ordinary Shares please forward this document and the accompanying Form of Proxy at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold or otherwise transferred only some of your Ordinary Shares you should retain this document and consult with the stockbroker, bank or other agent through whom the sale or transfer was effected.

The Directors, whose names appear on page 4 of this document, accept responsibility, both individually and collectively, for the information contained in this document. To the best of the knowledge of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made to the London Stock Exchange for the New Shares to be admitted to trading on AIM. It is expected that admission to AIM will become effective and dealings in the New Shares will commence at 8.00 a.m. on 4 March 2011 and 8.00 a.m. on 7 March 2011 for the First Placing and the Second Placing respectively.

e-Therapeutics plc

(Incorporated and registered in England and Wales with registered number 4304473)

PLACING OF 67,740,904 NEW ORDINARY SHARES AT 26 PENCE PER SHARE

NOTICE OF GENERAL MEETING WAIVER OF RULE 9 OF THE CITY CODE Panmure Gordon (UK) Limited Nominated Adviser

Panmure Gordon (UK) Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company in relation to the Placings and will not be responsible to any person other than the Company under the Financial Services and Markets Act 2000, the rules of the Financial Services Authority or otherwise for providing the protections afforded to its clients or for advising any other person in relation to the contents of this document, the Proposals or any matter, transaction or arrangement referred to in this document. Panmure Gordon (UK) Limited is not making any representation or warranty, express or implied, as to the contents of this document.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for any securities. This document provides you with information about the Placings but does not invite you to participate in them.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of the Company which is set out on pages 7 to 11 of this document and in which the Board recommends that Shareholders vote in favour of the Resolutions.

Notice of the General Meeting to be held at Block B, Holland Park, Holland Drive, Newcastle upon Tyne, NE2 4LZ at 10.00 a.m. on 3 March 2011 is set out on page 16 of this document. The Form of Proxy for use at the General Meeting forms part of this document and should be returned, together with the power of attorney or other authority (if any) under which the Form of Proxy is signed or a certified copy of such power or authority, to the registered office of the Company at Block B, Holland Park, Holland Drive, Newcastle upon Tyne, NE2 4LZ by hand or by post, or by fax to 0191 233 1303 (in each case marked for the attention of the Company Secretary) so as to be received not less than 48 hours before the time fixed for the holding of the meeting or any adjournment thereof (as the case may be). Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they wish to do so.

Copies of this document will be available, free of charge, for a period of one month from the date of this document, at the Company's registered office during normal business hours (Saturdays, Sundays and public holidays excepted) and at the Company's website, www.etherapeutics.co.uk.

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 and/or the accompanying Form of Proxy comes should inform themselves about and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities law of any such jurisdiction.

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KEY STATISTICS

Placing Price per Ordinary Share	26 pence
Number of Existing Shares	66,153,532
Number of New Shares to be issued pursuant to the First Placing	2,356,289
Number of Ordinary Shares to be issued pursuant to the Warrant Exercise	3,299,111
Number of New Shares to be issued pursuant to the Second Placing	65,384,615
Total number of New Shares to be issued	80,685,858
Number of Ordinary Shares in issue immediately following Completion of the First Placing and Warrant Exercise	71,808,932
Enlarged Issued Share Capital following Completion of the Second Placing	137,193,547
Number of New Shares to be issued pursuant to the Placings as a percentage of the Enlarged Issued Share Capital	49.4%
Gross Proceeds of the Placings to the Company	£17.6 million
Estimated net proceeds to the Company	£16.6 million

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Posting of circular	15 February 2011
Latest time and date for receipt of Forms of Proxy	10.00 a.m., 1 March 2011
General Meeting	10.00 a.m., 3 March 2011
Completion of the First Placing	4 March 2011
Completion of the Second Placing	7 March 2011

DIRECTORS, SECRETARY AND ADVISERS

Directors	Professor Oliver James (<i>Non-executive Chairman</i>) Professor Malcolm Young (<i>CEO</i>) Johnny Cordiner (<i>Commercial and Finance Director</i>) Steve Self (<i>Development Director</i>) Brad Hoy (<i>Non-executive Director</i>)
Registered Office	Block B Holland Park Holland Drive Newcastle upon Tyne NE2 4LZ
Company Secretary	Sean Nicolson
Nominated Adviser and Broker	Panmure Gordon (UK) Limited Moorgate Hall 155 Moorgate London EC2M 6XB
Auditors	KPMG Audit Plc Quayside House 110 Quayside Newcastle upon Tyne NE1 3DX
Solicitors to the Company	Dickinson Dees LLP St Ann's Wharf 112 Quayside Newcastle upon Tyne NE1 3DX
Registrar	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA

DEFINITIONS

“Accelerated Panel Waiver”	the approval by the Takeover Panel of the waiver from the obligations that would otherwise apply to Invesco to make a general offer for the Company pursuant to Rule 9 of the Code as a result of its subscription for New Shares pursuant to the Second Placing, the Takeover Panel having received written confirmation from Independent Shareholders consenting to this waiver without the requirement for the waiver to be approved by Independent Shareholders at a general meeting
“Act”	the Companies Act 2006 (as amended)
“Admission”	the admission of the New Shares to trading on AIM becoming effective in accordance with the AIM Rules following Completion
“AIM”	AIM, a market operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies as published by the London Stock Exchange from time to time
“Code”	the City Code on Takeovers and Mergers
“Company”	e-Therapeutics plc
“Completion”	the Placings being completed and Admission taking place
“Completion of the First Placing”	the First Placing being completed and the First Admission of taking place
“Completion of the Second Placing”	the Second Placing being completed and the Second Admission taking place
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any variation thereof
“Directors” or “Board”	the directors of the Company whose names are set out on page 4 of this document
“Enlarged Share Capital”	the Ordinary Shares in issue immediately following the Second Admission and the Warrant Exercise
“Euroclear”	Euroclear UK & Ireland Limited
“Existing Shares”	the 66,153,532 Ordinary Shares in issue at the date of this document
“First Admission”	the admission of 2,356,289 of the New Shares to trading on AIM becoming effective in accordance with the AIM Rules following Completion of the First Placing
“First Placing”	the conditional placing of 2,356,289 New Shares to the investing VCT funds for the purpose of qualifying under VCT legislation
“Form of Proxy”	the form of proxy for use in connection with the General Meeting which accompanies this document
“General Meeting”	the general meeting of the Company to be held at 10.00 a.m. on 3 March 2011 at Block B, Holland Park, Holland Drive, Newcastle upon Tyne, NE2 4LZ
“Group”	the Company, its subsidiaries and its subsidiary undertakings

“Independent Shareholders”	those Shareholders who have consented to the Accelerated Panel Waiver and which Shareholders in aggregate hold more than 50 per cent. of the Company’s issued share capital carrying voting rights excluding those deemed to be acting in concert with Invesco, as at the date of this document
“Invesco”	Invesco Asset Management Limited acting as agent for and on behalf of its discretionary managed clients
“Loan Notes”	the £1,049,233 principal amount of 12 per cent. secured loan notes created and issued on 16 March 2009 to funds managed by Octopus
“London Stock Exchange”	London Stock Exchange plc
“New Shares”	the 67,740,904 new Ordinary Shares to be issued pursuant to the Placings subject to the passing of the Resolutions
“Notice of General Meeting”	the notice convening the General Meeting which is set out on pages 16 to 18 of this document
“Ordinary Shares”	ordinary shares of 0.1 pence each in the capital of the Company
“Octopus”	Octopus Investments Limited
“Panel” or “Takeover Panel”	the Panel on Takeovers and Mergers
“Panmure Gordon”	Panmure Gordon (UK) Limited
“Placing Agreement”	the agreement dated 15 February 2011 made between the Company and Panmure Gordon relating to the Placings, details of which are set out on pages 12 to 15 of this document
“Placing Price”	26 pence per Placing Share
“Placings”	the conditional placing of the New Shares by way of the First Placing and the Second Placing pursuant to the Placing Agreement
“Resolutions”	the resolutions set out in the Notice of General Meeting
“Rule 9 Offer”	the requirement for a general offer to be made in accordance with Rule 9 of the Code
“Second Admission”	the admission of 65,384,615 of the New Shares to trading on AIM becoming effective in accordance with the AIM Rules following Completion of the Second Placing
“Second Placing”	the conditional placing of New Shares other than those New Shares already placed in the First Placing
“Shareholders”	holders of Ordinary Shares
“Significant Shareholder”	any person with a holding of 3 per cent. or more of the Company’s existing issued share capital, as defined in the AIM Rules for Companies
“VCT”	venture capital trust
“Warrants”	the warrants over 3,299,111 shares issued on 16 March 2009 which, following the Completion of the First Placing, will be exercisable at the Placing Price held by funds managed by Octopus
“Warrant Exercise”	the expected exercise of warrants over 3,299,111 Ordinary Shares immediately following Completion of the First Placing
“Whitewash Resolution”	an ordinary resolution to approve the Panel’s waiver of the obligation to make an offer under Rule 9 of the Code passed on a poll at a general meeting by the shareholders of a company who are independent of the person who would otherwise be required to make an offer under Rule 9 of the Code and any person acting in concert with him

PART 1

LETTER FROM THE INDEPENDENT NON-EXECUTIVE CHAIRMAN

e-Therapeutics plc

(Registered in England and Wales with company number 4304473)

Directors:

Prof. Oliver James (Non-executive Chairman)
Prof. Malcolm Young (CEO)
Johnny Cordiner (Commercial and Finance Director)
Steve Self (Development Director)
Brad Hoy (Non-executive Director)

Registered Office:

Block B
Holland Park
Holland Drive
Newcastle upon Tyne
NE2 4LZ

15 February 2011

Dear Shareholder

Proposed Placing, Rule 9 waiver and Notice of General Meeting

Introduction

The Company is pleased to report that its broker, Panmure Gordon, has conditionally placed 67,740,904 new Ordinary Shares (the “New Shares”) with new and existing institutional investors (the “Placees”) at a Placing Price of 26 pence per share, with proposed net proceeds of approximately £16.6 million to the Company.

Subject to Completion of the Placings and the Warrant Exercise, Invesco will have acquired 47.7 per cent. of the voting rights of the Company, which without a waiver of the obligations under Rule 9 of the Takeover Code would require Invesco to make a general offer for the Company. The Panel has agreed to such a waiver following written confirmations consenting to such waiver from the Independent Shareholders who hold in excess of 50 per cent. of the Company’s existing voting rights, excluding those deemed to be in concert with Invesco.

The purpose of this letter is to explain the background to, and reasons for, the Placings, to set out why the Board considers the Placings to be in the best interests of its Shareholders as a whole and to seek Shareholder approval for the Placings.

This letter also gives further information relating to the expected sale of shares by certain existing investors to both new and other existing investors in the Company.

Background to and reasons for the Placings

The Company is a drug discovery and development company with proprietary network pharmacology technology which can address the mechanisms by which medicines interact with cells in the body. The Company believes that applying its patented network analysis techniques and processes to drug discovery and development, optimises the probability of identifying drug candidates with desirable efficacy and minimal side effects.

The strategy of the Company is to apply its platform technology towards two main goals. The first is the discovery and development of its own drug candidate portfolio to the point of anticipated commercial out-licensing. The Company’s work in this direction has generated a number of drug development candidates. Securing funding for the development of these candidates was the primary objective of the fundraising efforts that have led to the Placings.

The second goal of the Company is to establish drug discovery collaborations with pharmaceutical and biotechnology companies. For both out-licensed candidates from its internal portfolio and candidates discovered or developed with partners, the Company intends to seek combinations of upfront fees, milestone payments and royalties. The Company may also undertake service contracts, primarily to demonstrate the capabilities of its technology platform for potential collaborators or other strategically important counterparties.

To date the technology platform has generated a portfolio of drug candidates from which 4 candidates have been selected for clinical development. As stated in its interim results release dated 29 October 2010,

the Company has sought further investment to fund development of these drug candidates, to provide working capital and to support collaborative business development efforts. Following meetings with prospective and existing investors, the Company was pleased to have been offered substantial further investment. The Placings will enable the Company to pursue its full objectives, on a well capitalised basis, including additional discovery projects in order to broaden and deepen its drug candidate portfolio.

The Board is very pleased at the response from new and existing institutional investors in providing sufficient funding to the Company to execute its business plan and in the additional demand identified for existing shares in the Company, and believes that completion of the Placings will enable the Company to focus on maximising value for all shareholders. The Directors look forward to welcoming the new shareholders to the register following Admission and are grateful to existing shareholders for their continuing support.

Recent results and financial position

The Company would like to draw your attention to its latest reports and accounts and its interim results, which can be found at <http://www.etherapeutics.co.uk/en/investor-relations/reports-and-accounts>. As noted in the 2010 interim results release, the Company had a cash position of £1.8 million as at 31 July 2010. Following the Warrant Exercise and Admission, the Company expects to have pro forma net cash of £17.5 million after repayment of £0.9 million of the Loan Notes and accrued interest.

Current trading and prospects

Following a period of detailed assessment, planning and preparation, the Company is now proceeding to take two of its drug candidates into efficacy focused clinical trials. These drug candidates are ETS 2101 for the treatment of multiple metastatic cancers and ETX 1153c for the treatment of C.difficile. Two further candidates are undergoing more detailed market analysis to aid commercial positioning before anticipated entry into efficacy focused clinical trials. These drug candidates are ETS 6103 for the treatment of major depressive disorder and ETX 1153a for the topical treatment of MRSA. All the trials are planned to complete in 2012 and are being supervised by Stephen Self, Development Director, who recently joined the Company's board. Mr. Self will use his considerable experience of drug development to manage completion of the trials and to seek to ensure high quality data, suitable formulation, market positioning and a strong intellectual property estate in each development project.

The Company is experiencing ongoing interest from pharmaceutical companies in using its patented discovery platform for their discovery and development pipelines, as reported in the interim results release. The Company expects to give further updates on the progress of its development programme, its discovery initiatives and on prospective strategic collaborations, in due course.

The Placings

The Company proposes to raise gross proceeds of £17.6 million (approximately £16.6 million net of estimated expenses) through the issue of the New Shares. The Placing Price represents a premium of 2.0 per cent. to the closing mid-market price of 25.5 pence on 4 February 2011, being the last dealing day prior to the announcement of the Placings. The New Shares will represent approximately 49.4 per cent. of the Enlarged Issued Share Capital.

The Placings are conditional, *inter alia*, upon:

- the Resolutions being passed at the General Meeting; and
- Admission occurring on or before 8.00 a.m on 7 March 2011 (or such later date as the parties may agree).

The Placings will be effected in two stages in order to allow investments made by certain venture capital trust funds, (the "VCT Investors") to qualify under VCT legislation. A portion of the New Shares will first be issued to VCT Investors and secondly, on the following business day, the remaining New Shares will be issued to non VCT investors. The Second Placing is conditional upon, *inter alia*, Completion of the First Placing.

The New Shares will rank *pari passu* with the existing Ordinary Shares in all respects including the right to receive all dividends or other distributions declared, made or paid by the Company by reference to record dates falling after their respective dates of allotment.

Whilst meeting with potential investors, the Company and its broker, Panmure Gordon, became aware of certain shareholders wishing to sell some or all of their holdings at the Placing Price, in total amounting to 12,944,954 existing shares (approximately 20 per cent. of the current issued share capital). Having identified sufficient demand to allow these shareholders to sell the desired portion of their holdings to buyers other than Invesco, the Company and Panmure Gordon expect that certain secondary market trades in respect of these shares will take place, in the period following the announcement of the Placings and complete subject to Admission. Subsequent announcements will be made in accordance with the AIM Rules where the sale or purchase of Shares in the secondary market has given rise to a change in notifiable holdings.

Placees and Significant Shareholders of the Company and their shareholdings before and after the Placings are shown in Part 2 of this document, along with expected movements in notifiable shareholdings arising as a result of the sale or purchase of Shares in the secondary market.

The Warrants and the Loan Notes

Immediately after the First Placing, the Warrant Exercise is expected to take place. The £857,769 proceeds expected to be received by the Company in connection with the Warrant Exercise will be used for the early redemption of £857,769 of the Loan Notes.

Following the Warrant Exercise, warrants over up to 198,332 Ordinary Shares are expected to remain outstanding, capable of being exercised at the warrant holders' discretion at the Placing Price up until 16 March 2014.

Use of Proceeds

It is expected that the £16.6 million net proceeds of the Placings will be deployed by the Company. The funds will be used for working capital, the clinical development of existing drug candidates from the portfolio, and to meet the costs of new drug discovery projects and their subsequent development expenditure.

The Takeover Code

The proposed Placings gives rise to certain considerations under the Code. Brief details of the Panel, the Code and the protections they afford are described below.

The Code is issued and administered by the Panel. The Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a listed or unlisted public company resident in the United Kingdom (and to certain categories of private limited companies). The Company is a listed public company and its Shareholders are entitled to the protections afforded by the Code.

Under Rule 9 of the Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares already held by him and an interest in shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company which is subject to the Code, that person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights in that company to acquire the balance of their interests in the company.

Rule 9 of the City Code also provides that, among other things, where any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. but not more than 50 per cent. of the voting rights of a company which is subject to the Code, and such person, or any person acting in concert with him, acquires an additional interest in shares which increases the percentage of shares carrying voting rights in which he is interested, then such person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company.

An offer under Rule 9 must be in cash (or with a cash alternative) and at the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any person acting in concert with him.

Rule 9 of the Code further provides, among other things, that where any person who, together with persons acting in concert with him holds over 50 per cent. of the voting rights of a company, acquires

an interest in shares which carry additional voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares.

Following completion of the Placings and the Warrant Exercise, Invesco will have acquired interests in shares carrying approximately 47.7 per cent., of the voting rights of the Company which, without a waiver of the obligations under Rule 9 would oblige Invesco to make a general offer to Shareholders under Rule 9.

Dispensation from General Offer

Under Note 1 on the Notes on the Dispensations from Rule 9 of the Code, the Takeover Panel will normally waive the requirement for a general offer to be made in accordance with Rule 9 of the Code (a "Rule 9 Offer") if, *inter alia*, the shareholders of the company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him (the "Independent Shareholders") pass an ordinary resolution on a poll at a general meeting (a "Whitewash Resolution") approving such a waiver. The Takeover Panel may waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the Code) if Independent Shareholders holding more than 50 per cent. of the company's shares capable of being voted on such a resolution confirm in writing that they would vote in favour of the Whitewash Resolution were such a resolution to be put to the shareholders of the company at a general meeting.

The Company has obtained such written confirmation from the Independent Shareholders and the Panel has accordingly waived the requirement for a Whitewash Resolution. Accordingly, by voting in favour of the Resolutions to be proposed at the General Meeting, the Placings will be effected without the requirement for Invesco to make a Rule 9 Offer.

Shareholders should note that, following the Placings, Invesco will not be entitled to increase its interest in the voting rights of the Company without incurring a further obligation under Rule 9 of the Code to make a general offer (unless a dispensation from this requirement has been obtained from the Panel in advance).

Shareholders should also note that, following completion of the Placings, Invesco will control 47.7 per cent. of the voting rights of the Company and that this will increase the percentage of the Ordinary Shares that are not in public hands (as defined in the AIM Rules). This may in turn have the effect of reducing the liquidity of trading in the Ordinary Shares on AIM. Invesco's stake in the voting rights of the Company will also mean that the Invesco will be able, if it so wishes, to exert significant influence over resolutions proposed at future general meetings of the Company. Although it is not the current intention of Invesco to seek a resolution at a general meeting of the Company to de-list the Ordinary Shares from AIM, Invesco could, if it so wishes in the future, propose and exert significant influence over the result of such a resolution.

Additional information

Your attention is drawn to the additional information provided in Part 2 of this document.

General Meeting

Set out at the end of this document is a notice convening the General Meeting of the Company to be held at Block B, Holland Park, Holland Drive, Newcastle upon Tyne, NE2 4LZ at 10.00 a.m. on 3 March 2011.

The Resolutions to be proposed at the General Meeting are as follows:

- Resolution 1 is an ordinary resolution to authorise the Directors to allot the New Shares;
- Resolution 2 is a special resolution to disapply pre-emption rights in relation to the issue of the New Shares.

The attention of Shareholders is also drawn to the voting intentions of the Directors as set out in the paragraph entitled "Recommendation" below.

Irrevocable Undertakings

The Company has received irrevocable undertakings and indications of intent to vote in favour of the Resolutions in respect of 51,693,521 Ordinary Shares in aggregate representing 78.1 per cent. of the existing issued share capital of the Company. As resolutions require a 75 per cent. threshold to be passed, the resolutions to approve the Placings are expected to be approved.

Recommendation

The Directors believe that the proposed Placings are in the best interests of the Company and its Shareholders. Accordingly, the Directors, recommend that Shareholders vote in favour of the Resolutions, as they have irrevocably committed to do in respect of their individual holdings amounting in aggregate to 31.7 per cent. of the current issued share capital.

Action to be taken

A Form of Proxy for use at the General Meeting accompanies this document. The Form of Proxy should be completed in accordance with the instructions thereon and returned to the Company's registrars, Neville Registrars Limited, at Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA, as soon as possible, but in any event so as to be received by no later than 48 hours before the time of the General Meeting. The completion and return of a Form of Proxy will not preclude Shareholders from attending the General Meeting and voting in person should they so wish.

Yours sincerely

Professor Oliver James
Chairman

PART 2

ADDITIONAL INFORMATION

1. The Placing Agreement

Under the Placing Agreement, Panmure Gordon has agreed to use reasonable endeavours to seek to procure subscribers for the New Shares pursuant to the Placings and to submit applications for admission to the London Stock Exchange. The obligations of the parties under the Placing Agreement are conditional upon certain conditions having been fulfilled (or waived) by 10 March 2011, or such later date as may be agreed by Panmure Gordon and the Company (not being later than 31 March 2011). The Placing Agreement contains certain representations and warranties by the Company as to the accuracy of the information contained in this document and other matters relating to the Company and its business. Under the Placing Agreement and conditional upon Admission, the Company will pay to Panmure Gordon for its services a commission based on the total value of the New Shares subscribed pursuant to the Placings and issue to Panmure Gordon warrants to subscribe for up to 677,409 Ordinary Shares at the Placing Price within a two year period. The Company shall reimburse Panmure Gordon for all costs and expenses in connection with the application for Admission. The Company has agreed to indemnify Panmure Gordon against certain losses, costs, charges and expenses which Panmure Gordon may suffer or incur as a result of, occasioned by or attributable to the carrying out of its duties under the Placing Agreement.

2. Shareholdings

The table on the following page summarises the movements in shareholdings in e-Therapeutics plc as a result of the Placings for Shareholders with notifiable interests, Directors and all Placees. Your attention is drawn to the explanatory notes below the table, which provide additional relevant information.

	<i>Shareholding prior to the Placings</i>		<i>New Shares acquired in the Placings⁽¹⁾</i>	<i>Shareholding after the Placings (includes expected secondary purchase or (sale) of Shares where indicated)</i>		<i>Expected movement in shareholding due to secondary purchase or (sale) of Shares</i>
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>
Existing Shareholders						
Malcolm Young (CEO)	20,620,482	31.2	—	20,620,482	15.0	—
RAB Special Situations (Master) Fund Limited	16,357,950	24.7	—	4,557,950	3.3	-11,800,000
Newcastle University Holdings	6,744,000	10.2	—	6,744,000	4.9	—
Gartmore Investment Limited	5,546,926	8.4	—	15,396,408	11.2	+9,849,482
Octopus Investments Limited ⁽¹⁾	3,138,108	4.7	2,356,289 +3,299,111 Warrants	8,768,508	6.4	-25,000
Novotech ⁽²⁾	1,640,236	2.5	—	1,640,236	1.2	—
Artemis Alpha Trust plc	994,074	1.5	—	—	0.0	-994,074
Ruffer LLP/clients of John Cordiner (CFO)	724,288	1.1	—	1,357,390	1.0	+633,102
Oliver James (Non-executive Chairman)	362,060	0.5	—	362,060	0.3	—
Other ⁽³⁾	38,500	0.1	—	38,500	0.0	—
	9,986,908	15.1	—	9,861,028	7.2	-125,880
New Institutional Shareholders						
Invesco	—	0.0	65,384,615	65,384,615	47.7	—
Other	—	0.0	—	2,462,370	1.8	2,462,370
Total	66,153,532	100.0		137,193,547	100.0	

(1) Final shareholding includes the Warrant Exercise and the sale of 50,880 shares held by Octopus on behalf of certain non-discretionary clients; new shares are acquired by Octopus in the First Placing only.

(2) Novotech Investment Limited has an interest in 410,059 Ordinary Shares and Novotech Syndicate LLP has an interest in 1,230,177 Ordinary Shares. Malcolm Young and Johnny Cordiner are directors of Novotech Investment Limited in which they have options. Novotech Syndicate LLP is controlled by Malcolm Young, John Cordiner and one other partner; through Novotech, Mr. Young currently has a total indirect interest of 0.6 per cent. in e-Therapeutics plc and Mr. Cordiner an indirect interest of 0.6 per cent., reducing to 0.3 per cent. and 0.3 per cent. respectively after the Placings.

(3) Includes the sale by a former employee of 100,000 Ordinary Shares.

3. The Independent Shareholders

The Panel will normally waive the requirement for a general offer to be made in accordance with Rule 9 if the Independent Shareholders pass a Whitewash Resolution. The Panel has the power to waive the requirement for a Whitewash Resolution to be put to the shareholders of a company at a general meeting where the independent shareholders confirm in writing that they would vote in favour of a Whitewash Resolution. The Independent Shareholders detailed below have provided the Panel with the relevant written confirmations in connection with the Company and the Panel has accordingly waived the requirement for a general offer to be made in accordance with Rule 9. Accordingly, by voting in favour of the Resolutions to be proposed at the General Meeting of the Company, the Placings will be effected without the requirement the Placees to make a general offer.

Independent Shareholders

<i>Name of Shareholder (beneficial owners)</i>	<i>Number of Ordinary Shares held</i>	<i>Percentage of current issued ordinary share capital of the Company represented by the holding of Ordinary Shares</i>	<i>Percentage of voting rights in current issued ordinary share capital of the Company eligible to given written consent</i>
Malcolm Young (CEO)	20,620,482	31.2%	42.3%
Newcastle University Holdings	6,744,000	10.2%	13.8%
Octopus	2,634,447	4.0%	5.4%
Novotech	1,640,236	2.5%	3.4%
NECIF LP	647,452	1.0%	1.3%
Olusola Idowu	441,460	0.7%	0.9%
CopperTree Mustang MF	366,390	0.6%	0.8%
Johnny Cordiner (CFO)	362,060	0.5%	0.7%
Peter Cordiner	106,369	0.2%	0.2%
Total	33,562,896	50.7%	68.8%

Each of the Independent Shareholders (who together are the beneficial owners of 33,562,896 Ordinary Shares, representing 68.8 per cent. of the voting rights in the Company's issued share capital as at the date of this document which are eligible to give written consent) has written to the Takeover Panel to confirm:

- 3.1 that it/he/she has absolute discretion over the manner in which its/his/her respective Ordinary Shares are voted and that these Ordinary Shares are held free of all liens, pledges, charges and encumbrances;
- 3.2. that:
 - (a) save for the fact that they are shareholders in the Company, there is no connection between it/him/her and the concert party;
 - (b) it/he/she does not have any interest or potential interest, whether commercial, financial or personal, which is conditional on the outcome of the Placings; and
 - (c) it/he/she is an Independent Shareholder of the Company; and
- 3.3. that, in connection with the Placings:
 - (a) it/he/she has consented to the Takeover Panel granting a waiver from the obligation for the concert party to make a Rule 9 offer to the Company's Shareholders;
 - (b) subject to Independent Shareholders of the Company holding more than 50 per cent. of the shares capable of being voted on a Whitewash Resolution giving separate confirmations in writing, it/he/she consents to the Takeover Panel dispensing with the requirement that Independent Shareholders approve a Whitewash Resolution at a general meeting of the Company; and
 - (c) it/he/she would vote in favour of a Whitewash Resolution were such a resolution put to the Independent Shareholders of the Company at a general meeting.

In giving the confirmations referred to above, each of the Independent Shareholders acknowledged:

- 3.4 that, if the Takeover Panel receives written confirmation from independent shareholders holding more than 50 per cent. of the shares capable of being voted on a Whitewash Resolution, the Takeover Panel will approve a waiver from the obligation for the concert party to make a Rule 9 Offer, without the requirement for the waiver to be approved by independent shareholders of the Company at a general meeting (an "**Accelerated Panel Waiver**"); and
- 3.5 that, if no general meeting is held to approve the Whitewash Resolution:
 - (a) there would not be an opportunity for any other person to make any alternative proposal to the Company conditional on such Whitewash Resolution not being approved by Independent Shareholders of the Company;
 - (b) there would not be an opportunity for any other Shareholders to make known their views on the Placings; and

- (c) there would be no requirement for the Company either: (i) to obtain and make known to the Shareholders competent independent advice under Rule 3 of the Code on either the Placings or the waiver of the obligation for the concert party to make a Rule 9 offer; or (ii) to publish a circular to Shareholders in compliance with Appendix 1 of the Code in connection with this matter.

Independent Shareholders also confirmed that they would not sell, transfer, pledge, charge or grant any option or other right over, or create any encumbrance over, or otherwise dispose of their Ordinary Shares until after the conclusion of the proposed General Meeting to approve, amongst other things, the Placings.

Consent

Panmure Gordon has given and not withdrawn its consent to the issue of this document and the references to its name in the form and context in which they appear.

Invesco has given and not withdrawn its consent to the issue of this document and the references to its name in the form and context in which they appear.

NOTICE OF A GENERAL MEETING

Notice is hereby given that a general meeting of e-Therapeutics plc (the "Company") will be held at Block B, Holland Park, Holland Drive, Newcastle upon Tyne, NE2 4LZ at 10.00 a.m. on 3 March 2011 to consider and, if thought fit, pass the following resolutions as of which resolution 1 will be proposed as an ordinary resolution and resolution 2 which will be proposed as a special resolution.

1. That the directors be generally and unconditionally authorised for the purpose of section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot or grant rights to subscribe for or to convert any security into shares in the Company up to an aggregate nominal amount of £134,365.673 provided that:
 - 1.1 (except as provided in paragraph 1.2 below) this authority shall expire on the date of the next annual general meeting of the Company; and
 - 1.2 the Company may before such expiry make an offer or agreement which would or might require shares or equity securities, as the case may be, to be allotted or such rights granted after such expiry and the directors may allot shares or equity securities or grant such rights, as the case may be, in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

All unexercised authorities previously granted to the directors to allot shares or to grant rights to subscribe for or to convert any security into shares be and are hereby revoked.

2. That, subject to the passing of resolution 1 above, the directors, pursuant to the general authority conferred on them and in substitution for the authority granted to the directors pursuant to a special resolution passed at the annual general meeting of the Company held on 8 September 2010, be empowered pursuant to section 570 of the Companies Act 2006 (the "Act") to allot for cash, either pursuant to the authority so conferred or where the equity securities are held by the Company as treasury shares (within the meaning of section 724(5) of the Act), to allot equity securities (within the meaning of section 560 of the Act) as if section 561 of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:
 - 2.1 of up to 67,740,904 ordinary shares of 0.1 pence each pursuant to the Placings (as defined in the circular to shareholders issued by the Company of which this notice forms a part, a copy of which circular was produced to the meeting and initialled by the chairman for identification (the "Circular"));
 - 2.2 made in connection with the allotment of ordinary shares of 0.1p each in the capital of the Company pursuant to the e-Therapeutics plc Long Term Incentive Plan 2007 (as amended from time to time);
 - 2.3 made in connection with the allotment of up to 3,855,320 ordinary shares of 0.1p each in the capital of the Company pursuant to the option agreements referred to in paragraphs 2.9 to 2.13 of Part VII of the admission document relating to the Company dated 22 November 2007;
 - 2.4 made in connection with the allotment and issue of up to 3,497,443 ordinary shares of 0.1p each in the capital of the Company pursuant to the warrant instrument dated 16 March 2009 (as described in the circular to shareholders of the Company dated 25 February 2009);
 - 2.5 made in connection with the allotment and issue of up to 248,020 ordinary shares of 0.1p each in the capital of the Company pursuant to the options granted to O F W James and B Hoy;
 - 2.6 made in connection with an offer of securities, open for acceptance for a fixed period, by the directors to ordinary shareholders of the Company on the register on a fixed record date in proportion (as nearly as may be) to their then holdings of such shares (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares or any legal or practical problems under the laws or requirements of any recognised regulatory body or any stock exchange in any overseas

territory or in connection with fractional entitlements) or by virtue of shares being represented by depositary receipts or any other matter whatsoever; and/or

- 2.7 wholly for cash (otherwise than pursuant to paragraphs 2.1 to 2.6 above) up to an aggregate nominal value of £13,719,355 (being 10 per cent. of the issued share capital of the Company on 9 February 2011).

Such authority shall expire on the conclusion of the next annual general meeting of the Company or, if earlier, 15 months after the passing of this resolution but the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such an offer or agreement notwithstanding that the power conferred by this resolution has expired.

By order of the board

S T Nicolson
Secretary

Registered office
Block B
Holland Park
Holland Drive
Newcastle upon Tyne
NE2 4LZ

Incorporated in England and Wales, company number 4304473

Notes

The following notes explain your general rights as a shareholder of the Company and your right to attend and vote at this meeting or to appoint someone else to vote on your behalf.

1. Only those members registered in the register of members of the Company as 48 hours before the time set for the meeting shall be entitled to attend and vote at the meeting convened above in respect of the number of shares registered in their names at that time. This time will still apply for the purpose of determining who is entitled to attend and vote if the annual general meeting is adjourned from its scheduled time by 48 hours or less. If the annual general meeting is adjourned for longer, members who wish to attend and vote must be on the Company's register of members by 48 hours before the time fixed for the adjourned meeting. Changes to entries on the register of members after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the Company. On a poll demanded, all of a member's voting rights may be exercised by one or more duly appointed proxies. Any such member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such member. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA. A proxy need not be a member of the Company. Appointing a proxy will not prevent a member from attending in person and voting at the meeting. 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 of the meeting) and give your instructions directly to them. A proxy must vote in accordance with any instructions given by the appointing member.
3. A form of appointment of proxy is enclosed. To appoint a proxy using this form in hard copy form, this form must be completed and signed, sent or delivered to Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA. 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 of the company. If you return more than one proxy appointment, either by hard copy form or by electronic form, that received last by the registrar before the latest time for the receipt of proxies will take precedence.
4. The form of proxy includes a vote withheld option. Please note that a vote withheld is not a vote in law and will not be counted in the calculation of the proportion of the votes for and against any particular resolution.
5. The appointment of a proxy and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated should be deposited with Neville Registrars Limited at Neville House, 18 Laurel Lane, Halesowen, West Midlands, B63 3DA not later than 10.00 a.m. on 1 March 2011 or 48 hours before the time for holding any adjourned meeting.
6. In the case of joint holders of shares, 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).

7. Copies of the following documents are available for inspection during normal business hours at the registered office of the Company on any business day and they may also be inspected on the day of the meeting until the conclusion of the meeting:
 - 7.1 the directors' service contracts with the Company; and
 - 7.2 the non-executive directors' letters of appointment.
8. Except as provided above, members who have general queries about the meeting should write to the company secretary at the Company's registered office. No other methods of communication will be accepted. You may not use any electronic address provided either in this notice of 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.

