Verva Pharmaceuticals

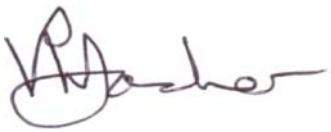
Dear Verva Shareholders

We are pleased to present this first newsletter introducing Verva Pharmaceuticals Ltd., an exciting, clinical-stage pharmaceutical company developing innovative therapies to treat metabolic diseases. For most shareholders this is the first opportunity to review Verva's history, structure and strategy. It is also our first opportunity to share Verva's exceptional progress in the 3 months since inception; notably:

- A clinical safety and efficacy study for Verva's lead diabetes product VVP808 has been designed and the protocol submitted for ethical review.
- Verva's collaboration with ISIS Pharmaceuticals (USA) has identified novel fat blockers with potential application in the prevention and treatment of obesity.
- Verva has initiated discovery programs to identify novel, proprietary products, including next-generation insulin sensitizers based on VVP808; small-molecule insulin secretion modulators; and novel fat blockers.
- Verva's innovative and versatile Gene Expression Signature discovery platform has been validated by the discovery and advancement of our clinical product VVP808 and has elicited pharmaceutical company interest.

Verva is actively pursuing further financing to ensure our continued rapid progress. We look forward to positive news flow over the course of 2008 as we achieve key corporate and technical milestones and establish Verva as a leading presence in the metabolic diseases marketplace.

Ian Nisbet, PhD (Board Chair)



Vince Wacher, PhD (CEO)

April, 2008

Overview

Verva Pharmaceuticals Ltd. was formed in December, 2007 through the merger of Autogen Research Ltd. - formerly the diabetes-focused subsidiary of ChemGenex Pharmaceuticals Ltd. (CXS) - with obesity drug developer Adipogen Pharmaceuticals Pty Ltd. Verva's corporate headquarters are located in Geelong, Australia. The Company's research infrastructure is housed in the Metabolic Research Unit of Deakin University; a state-of-the-art facility with comprehensive *in vitro* and *in vivo* capabilities dedicated to the discovery and development of novel pharmaceuticals.

Therapeutic Focus: Verva's research efforts are focused on the treatment of type 2 diabetes mellitus and the prevention and reversal of obesity. These are both multi-billion dollar markets with significant opportunities for novel, safer and more effective therapies. As Verva's current programs advance and the Company looks to expand its portfolio we may also explore the treatment of conditions associated with diabetes and obesity, such as cardiovascular disease, liver dysfunction, inflammation and complications of diabetes.

Structure & Funding: Verva is currently a public but unlisted entity. The Autogen demerger from CXS provided Verva with a significant shareholder base, including Alta Partners, Inc., Merck KGaA, GBS Venture Partners, Queensland Investment Corporation and Uniseed. Initial operational funding for Verva was provided by cornerstone investors GBS Venture Partners, Queensland BioCapital Funds and Uniseed. Additional equity financing is being pursued both locally and internationally. In parallel with equity financing efforts, Verva is pursuing collaborative development partnerships for our lead product programs and revenue-generating discovery and development partnerships for our diabetes discovery engine.

Verva's intention is to undertake an ASX listing in 2008. The exact timing of a listing will be directed by success in fundraising activities and prevailing market conditions.

Diabetes

Diabetes mellitus is a metabolic disorder characterized by abnormally high blood glucose levels due to inappropriate levels or action of insulin. The health consequences of uncontrolled diabetes are dramatic, including blindness, kidney dysfunction, and deteriorating leg/foot sores that may ultimately lead to amputation. Type 2 diabetes mellitus (T2DM) is the most common form of diabetes and current estimates project that 221 million adults worldwide will suffer T2DM by 2010. Current anti-diabetic drugs constitute a USD 16 billion global market; however, many marketed products suffer from limited long-term efficacy and/or significant side-effects. As such, there remains a compelling need for new T2DM therapies with improved safety and efficacy.

VVP808 Clinical Program

Verva's leading product candidate VVP808 is an insulin sensitizer for use in the treatment of T2DM. Verva has designed a safety and efficacy study evaluating VVP808 in diabetic patients currently treated with the first-line therapy metformin. The clinical protocol for this study was submitted for ethical review in March.

VVP808 was identified from a library screening process using Verva's proprietary Gene Expression Signature technology. VVP808 has a mode-of-action that is completely different to existing diabetes medicines, providing an important new line of treatment for T2DM that may be used to complement - and hopefully supplant - existing drug therapies.

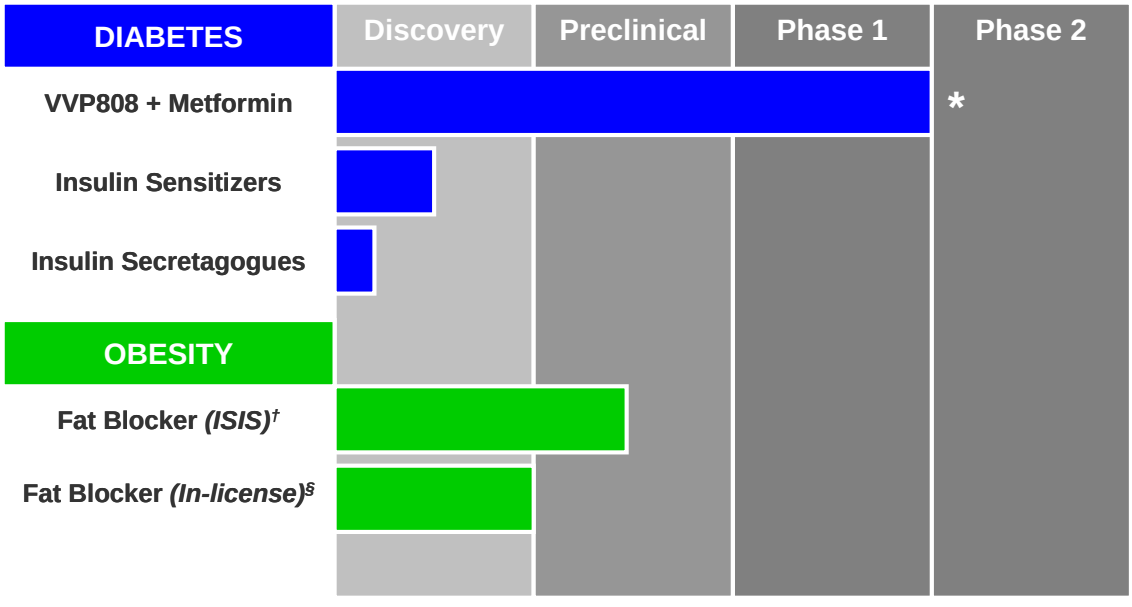
Verva preclinical studies have found that VVP808 reduces food intake and body weight in diabetic and obese mice. If this effect is reproduced in clinical testing, VVP808 will have a significant advantage over current and developmental T2DM drugs which are, at best, weight neutral and more commonly cause weight gain.

Verva's rapid progress to the clinic was facilitated by the fact that the active pharmaceutical ingredient in VVP808 has previously been marketed in North America in an unrelated indication. VVP808 has not been approved in other key regions worldwide, providing a first-to-market opportunity in large markets such as Europe and Asia. Verva is pursuing an aggressive IP strategy to protect the use of VVP808 in metabolic diseases including evaluation of novel dosage forms and different dosage strengths to ensure we bring a differentiated, value-added product to the diabetes marketplace worldwide. Fixed-dose combinations with metformin have rapidly become diabetes standard-of-care and the VVP808 clinical trial will provide guidance on the feasibility and desirability of developing a combination product.

Diabetes Discovery Programs

Verva is utilizing mechanistic and structural knowledge derived from studies with VVP808 to develop proprietary **next-generation insulin sensitizers** with improved efficacy and safety relative to current therapies. To diversify our portfolio and expand our therapeutic range, we are developing screens to identify **novel small molecule insulin secretion modulators** for use in diabetes patients whose pancreatic cells do not produce sufficient insulin.

Verva Portfolio and Pipeline



* Dose-ranging & efficacy study; protocol submitted for ethics review March'08
† Collaboration with ISIS Pharmaceuticals, USA
§ Clinical-stage small molecule opportunity under discussion

Obesity

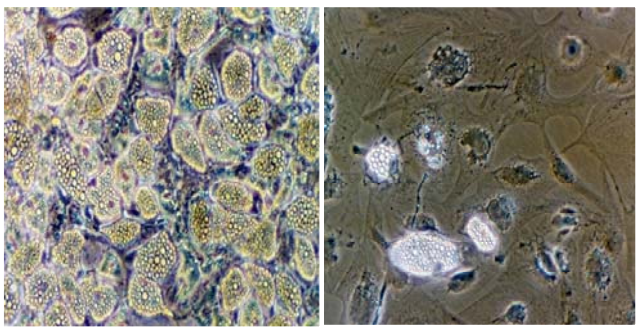
Obesity is the excessive accumulation of body fat, which typically leads to adverse health outcomes such as cardiovascular disease; insulin resistance; diabetes; inflammation; and liver disorders. Obesity has reached global epidemic proportions and the World Health Organization estimates that more than 300 million adults are obese worldwide. Expenditures for prescription medicines and surgeries to treat obesity are estimated to be USD 4 billion annually in the US alone. Current therapies for obesity are limited by modest and only short-term efficacy and sometimes significant side-effects. Consequently, there is a continuing market opportunity for a safe obesity therapy with long-term efficacy.

Verva Fat Blockers

Verva is advancing two obesity technologies that prevent *de novo* fat cell formation. Verva's Fat Blockers are expected to significantly decrease fat cell number, leading to an improved endocrine profile, reduced appetite, and more sustainable long-term weight loss than is attainable by currently-marketed obesity therapies such as appetite suppressants and fat absorption inhibitors. Since Verva Fat Blockers do not require action in the brain, our products should also avoid some of the side-effects observed with other developmental obesity treatments.

Verva's Fat Blocker programs are at the preclinical proof-of-concept stage. Compounds that act at Verva targets were found to reduce body fat and body weight in obese mice and prevented fat and weight gain in lean mice placed on a high-fat diet. As our Fat Blocker programs advance, Verva has the opportunity to explore multiple therapeutic indications for our products, including weight and fat loss in obesity; prevention of weight and fat re-gain after diet or surgery; adjuvant therapy to prevent drug-induced weight gain (as observed with some anti-diabetics and schizophrenia medicines); and prevention and reversal of diabetes. Multiple potential development pathways significantly decrease the development risk and increase the potential value of Verva Fat Blocker products.

Mature Fat Cells **Fat Formation Blocked**



Milestones & Newsflow

Projected corporate and product development milestones for the next 12 months are highlighted below. Achievement of these milestones is expected to significantly advance our product portfolio and increase our value in support of the anticipated ASX listing.

VVP808 - Ethics Review	Q2'08
Corporate Partnership	Q2'08
Financing	Q2/3'08
VVP808 - First Patient Dosing*	Q4'08
Discovery Programs - *In Vivo* Data	Q4'08
VVP808 - Safety & Efficacy Data*	H1'09

* Contingent on appropriate funding

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