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## Verva Buy Back of Ordinary Shares

### Q: Who is Verva Pharmaceuticals?

A: Verva Pharmaceuticals Ltd. is a public unlisted company developing new therapies to treat diabetes, obesity and related complications. Verva was formed in December, 2007 when ChemGenex Pharmaceuticals (CSX) divested its diabetes-focused subsidiary (Autogen Research Ltd.) which then acquired privately-held obesity company Adipogen Pharmaceuticals Pty Ltd. The merged entity was named Verva Pharmaceuticals Ltd. More information about Verva and its programs can be found on our website [www.vervapharma.com](http://www.vervapharma.com).

### Q: Why do I have Verva Shares?

A: Almost all of Verva's Ordinary Shareholders (~4,280) received their Verva Ordinary shares because they were shareholders in ChemGenex Pharmaceuticals at the time Verva was formed. ChemGenex shareholders received a distribution of 1 Verva share for every 5 shares held in ChemGenex at the time Verva was formed.

### Q: How do I find out my current share holding in Verva?

A: As a public unlisted entity, Verva was not required to issue share certificates; rather, Verva Ordinary shareholders were sent a Holding Statement at the time Verva was formed. In your Buy Back letter Verva has outlined your share details based on the company's current share registry records. If you do not agree with these details or require further information please contact Verva by e-mail [verva@vervapharma.com](mailto:verva@vervapharma.com) or through the Company Secretary Mr. Matthew Murphy by e-mail [verva@mprgroup.com.au](mailto:verva@mprgroup.com.au) or by phone (03) 9869 5900.

### Q: Why is Verva offering a Share Buy Back?

A: Since Verva is a public unlisted entity, there is no exchange or other established market on which to trade Verva shares. A large number of Verva shareholders have asked how and when they might be able to sell their shares; in some cases because they are institutions who cannot hold unlisted shares. Verva has heeded these shareholder requests and is now pleased to offer an opportunity for Verva Ordinary shareholders to sell their shares.

***Please note that this buy back of Verva Ordinary Shares is voluntary and there is no requirement that any Verva shareholder participate in the buy back.***

### Q: Why is Verva offering a buy back at 1c per share?

A: Verva has not undertaken a formal valuation of the Company's Ordinary shares. Rather, this is a **voluntary** opportunity for Ordinary shareholders to sell their Verva shares if they so desire. Verva has a limited cash reserve and is seeking to balance the desire of some shareholders to exit their Verva position with Verva's need to fund critical research and development activities. The 1c share price allows Verva to conduct a buyback while maintaining the appropriate R&D funding. It should be noted that Verva Ordinary shareholders did not pay cash for their Verva shares, so this is an opportunity for shareholders to realise some near term value from their Verva shares.

Verva shareholders may note that the Company earlier this year completed a \$2M financing by issuance of Series A Preference shares to sophisticated institutional investors. The Series A Preference shares were issued at 4.7c per share. The Series A Preference shares have certain pre-emptive rights and dividends associated with them and were issued in exchange for a substantial cash investment into the Company at a time when there was very little funding available for unlisted companies conducting research and development without an established product in the market. These Series A Preference Shares can thus reasonably be considered to have a higher value than Verva Ordinary shares. This buy back does not apply to Series A Preference Shares.

### Q: Should Verva shareholders participate in the Buy Back?

A: Verva ordinary shareholders should take independent financial advice on whether participation in the Buy Back suits their personal situation. Participation is completely voluntary.

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