

Annual General Meeting, 29 May 2009

Chairman's Address

Verva was created almost 18 months ago through the merger of the diabetes assets from ChemGenex with the private obesity company Adipogen, to create a metabolic diseases company with the following assets:

- Novel (but early) technology directed towards the development of new treatments for diabetes and obesity
- Experienced management and Board
- Cornerstone financing from QBF, GBS and Uniseed

At creation Verva was a public, unlisted company with several thousand shareholders (mostly inherited from ChemGenex). The intention was to raise additional capital to complement that provided by the cornerstone investors then list the company on the ASX via a compliance listing. Unfortunately, this strategy could not be implemented due to the challenges associated with raising additional capital.

Since formation, the company's management and Board have explored multiple options for financing, including:

- Venture capital from Australia, US and Europe
- Potential development partners from US, Europe and Japan
- M&A partners from Australia and US
- Government grants

Despite strong interest in the company's programs and consistently positive feedback, these efforts have been unable to yield new sources of capital. Concerns regarding the company's corporate structure, location and stage of development presented challenges to many of the parties. However, two external events have also had a significantly negative impact on the company's financial prospects. Firstly, the US Food and Drug Administration (FDA) has 'raised the safety bar' for new diabetes treatments, thereby making drug development in this area more challenging (and therefore less attractive to some investors). Secondly, the global financial crisis has resulted in a withdrawal of funding for high risk activities such as new drug development. In the face of these factors Verva's experience over the past 18 months is disappointing but not surprising.

In contrast with the inability to bring new investors into the company, we have been fortunate to have the ongoing support of the original cornerstone investors in Verva. QBF, GBS and Uniseed (along with their related investment partners) continue to be enthusiastic about the company's technology and are prepared to make further investment into the company. Several resolutions relating to this round of Series A financing are on the agenda for today's meeting.

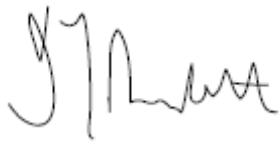
Assuming the Series A investment is approved by shareholders, the new capital will allow Verva to take its lead program VVP808 into a proof of concept clinical trial and also undertake some key mechanism of action work. Vince Wachter will be providing more information on the planned work program for VVP808 in his CEO presentation. These studies (assuming they are successful) will underpin future partnering discussions for VVP808. Minimal work will be undertaken on other Verva assets, although we will be looking to partner some of our technology and expect to be making an announcement on this front in the near future.

Even though the past 18 months have been much more frustrating than we ever imagined when the company was created, the Board and management team remain enthusiastic about the company's prospects. With the new financing we will have the opportunity to generate proof of concept data in humans, thereby giving the technology a chance to stand or fall on its own merits.

In closing, it is appropriate for me to thank a number of people and note some changes moving forward. Firstly, thanks to the cornerstone investors for being prepared to support the company in these very trying times. Next, thanks to the Verva's management team and scientists, who have remained enthusiastic and focused despite the financial limitations under which they've had to operate. Finally, thanks to my fellow Directors and Rick Merrigan our Company Secretary. Management and Board have worked hard and have been committed to doing what is best for the company since its inception. This commitment has included deferral of salary to ensure that we've been able to stretch the company's finances as far as possible.

Moving forward there will be some changes at Board level. Assuming the Series A financing is approved, the Series A investors will be represented at Board level and, rather than expanding the size of the Board, this means that some of the existing Directors will stand down. This type of Board restructuring is common in the face of a financing that effectively results in a change of control. Finally, Rick Merrigan is retiring as Company Secretary for health reasons. We wish Rick all the best in his retirement.

Finally, thank you to all the shareholders who have come along to the AGM today. We know most of our shareholders 'inherited' their Verva shares through their ChemGenex shareholding and therefore may not have known much about the company. We look forward to providing you with exciting data over the next couple of years and, in doing so, generating value for all our shareholders.



Ian Nisbet, PhD

Chairman