

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your bank manager, stockbroker, solicitor or other authorised professional adviser.

If you have sold or transferred all of your registered holding of Ordinary Shares in AGI Therapeutics plc, please forward this document and the accompanying Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through or by whom the sale or transfer was effected, for delivery to the purchaser or transferee.

AGI THERAPEUTICS PLC

ANNUAL GENERAL MEETING THURSDAY 5 JUNE, 2008

Notice of the Annual General Meeting of AGI Therapeutics plc to be held at Adelaide Chambers, Peter Street, Dublin 8 on 5 June 2008 at 2.00 pm. is set out in this document, accompanying which is a Form of Proxy for use in connection with the resolutions at the meeting. To be valid, Forms of Proxy must be received by the Company's Registrars, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 at least 48 hours before the time appointed for the meeting.

**AGI Therapeutics plc. Adelaide Chambers
Peter Street, Dublin 8, Ireland**

12 May, 2008

Annual General Meeting

Dear Shareholder,

I am writing to you to outline the background to the items of business to be proposed at the forthcoming Annual General Meeting (AGM) of the Company.

The notice of the AGM is attached hereto and this letter explains the main items of business to be dealt with at the AGM.

Resolutions 3 to 4 Re-Appointment of Directors

The directors named at Resolutions 3 (a) to (f) were appointed by the directors to the board of the Company. Under the Articles of Association of the Company they should have been proposed for re-appointment by the shareholders at the 2007 Annual General Meeting. Even though they were not re-appointed as directors at the 2007 Annual General Meeting, each of them continued to act as a director of the Company. The Resolutions at 3 (a) to (f) are to retrospectively approve and ratify their having so continued in office since the 2007 Annual General Meeting.

All the directors named at Resolutions 4 (a) to (h) (which includes each of the directors named at Resolutions 3 (a) to (f)) will retire from office at the AGM and offer themselves for re-appointment.

Resolutions 5 and 6

At Resolution 5, you are being asked to authorise the directors to allot and issue new shares up to an aggregate nominal amount equal to €715,488.66. This is in addition to any shares which may be allotted under the Company's existing Share Option Scheme. €715,488.66 represents the difference between the nominal amount of the Ordinary Shares which may be allotted under the Company's Share Option Scheme and the authorised but unissued share capital of the Company as at the date of the AGM. Such authority will expire at the earlier of the conclusion of the next AGM or 5 December, 2009.

Resolution 6 is conditional on the passing of Resolution 5. Under Resolution 6, you are being asked to give the directors power to allot new shares pursuant to the authority under Resolution 5 without first offering them to the holders of Ordinary Shares. Such power is limited to the number of shares which is equal to 15% of the issued share capital of the Company as at the date of the AGM and will expire at the earlier of the conclusion of the next AGM or 5 December, 2009.

Recommendation

Your directors believe that the Resolutions to be proposed at the Annual General Meeting are in the best interests of the Company and its shareholders as a whole and, therefore, recommend that you vote in favour of the Resolutions. Your directors intend to vote in favour of the Resolutions in respect of their own beneficial shareholdings.

Form of Proxy

A Form of Proxy for use at the AGM is enclosed. You are requested to complete, sign and return the Form of Proxy as soon as possible, whether or not you propose to attend the meeting in person. To be valid the Form of Proxy must be deposited at the Company's Registrars:- Computershare Investor Services (Ireland) Limited, PO Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 no later than 48 hours before the time appointed for the meeting. The completion and lodging of the Form of Proxy will not prevent you from attending and voting in person at the AGM should you so wish.

Yours sincerely,

Dr. Ronan Lambe
Chairman

**Notice of Annual General Meeting
of
AGI Therapeutics Public Limited Company (the “Company”)**

Notice is hereby given that the Annual General Meeting of the Company will be held at Adelaide Chambers, Peter Street, Dublin 8 on the 5th of June, 2008, at 2.00 p.m. for the following purposes:

1. To receive and consider the Company’s financial statements and the Director’s and Auditor’s Reports for the year ended 31 December 2007;
2. To authorise the directors to fix the remuneration of the Auditors;
3. As a separate resolution in relation to each person, to approve and ratify the reappointment of each of the following as a director of the Company with effect from the Annual General Meeting of the Company held on 7 June, 2007 and to approve and ratify all and any acts done by him while purporting to act as a director during that period:
 - (a) Ronan Lambe
 - (b) Patrick Ashe
 - (c) John O’Sullivan
 - (d) David Kelly
 - (e) David Young
 - (f) Chris Blackwell
4. As a separate resolution in relation to each person, to reappoint the following as directors of the Company:

- (a) Ronan Lambe
- (b) Patrick Ashe
- (c) John O’Sullivan
- (d) David Kelly
- (e) David Young
- (f) Chris Blackwell
- (g) Mary Martin
- (h) Peter Sandys

5. To consider and if thought fit pass an ordinary resolution:

that in addition to the existing authority to grant options over and allot Ordinary Shares under the Share Option Scheme of the Company, the Directors be generally and unconditionally authorised pursuant to Section 20 of the Companies (Amendment) Act 1983 (“1983 Act”), to allot relevant securities (as defined in Section 20 (10) of the 1983 Act) up to an aggregate nominal amount equal to €715,488.66, provided that such authority shall expire on the earlier of the conclusion of the Annual General Meeting in 2009 or 5 December, 2009, save the Company may before such expiry make an offer or agreement or grant any right which would or might require relevant securities to be allotted after such expiry in pursuance of such offer or agreement or rights as if the power conferred by such resolution had not expired;

6. To consider and if thought fit pass as a special resolution:

that the directors be and are hereby empowered, pursuant to Section 24 of the 1983 Act, to allot equity securities (as defined in section 23 (13) of the 1983 Act) for cash pursuant to the authority conferred by the resolution passed by the members of the Company at 5 above as if section 23(1) of the 1983 Act did not apply to any such allotment provided however that

- (i) such power is limited to the allotment of equity securities with a nominal value equal to 15% of the nominal value of the issued share capital of the Company as at the date of passing this resolution;

and

- (ii) such power shall expire on whichever is the earlier of the conclusion of the annual general meeting of the Company in 2009 or 5 December, 2009 save that the Company may before such expiry make an offer or agreement or grant any right which would or might require relevant securities to be allotted after such expiry in pursuance of such offer or agreement or rights as if the power conferred by such resolution had not expired.

Notes:

1. Any shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy to attend, speak or vote on his behalf and who need not be a member of the Company.
2. The appointment of a proxy shall be in writing in the form attached hereto.
3. The Company, pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations 1996, specifies that only those shareholders registered in the register of members of the Company **at close of business on the day which is two days before the date of the meeting** (or in the case of an adjournment as at 48 hours before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at the time. Changes to entries in the register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting.