
IMPORTANT

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 financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all your Shares in Ark Therapeutics Group plc, please send this document, together with the accompanying Form of Proxy, as soon as possible, to the purchaser or transferee, or to the stockbroker, bank 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 part of your holding, you should retain these documents.

Piper Jaffray Ltd., which is regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for Ark Therapeutics Group plc and no one else and will not be responsible to anyone other than Ark Therapeutics Group plc for providing the protections afforded to its customers or for giving advice in connection with the arrangements described in this document.

ARK THERAPEUTICS GROUP PLC

(incorporated in England and Wales with registered number 4313987)

APPOINTMENT OF NON-EXECUTIVE DIRECTOR, CONSULTANCY AND SHARE OPTION TERMS AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Your attention is drawn to the enclosed letter from the Chairman of Ark Therapeutics Group plc which explains why the Company is proposing the Resolutions at the Extraordinary General Meeting. Before deciding on what voting action to take, you should fully consider all the information in this document.

Notice of an Extraordinary General Meeting of Ark Therapeutics Group plc, to be held at 11.00 a.m. on 19 August 2010 at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA, is set out at the end of this document. The Form of Proxy for use at the meeting accompanies this document and, to be valid, should be completed and returned to the Company's registrars, Capita Registrars at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to arrive by no later than 11.00 a.m. on 17 August 2010. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting, should they so wish.

ARK THERAPEUTICS GROUP PLC

*Registered in England and Wales, Registration No. 4313987
Registered office: 79 New Cavendish Street, London W1W 6XB*

Andrew Christie (*Non-Executive Chairman*)
Martyn Williams (*Chief Executive Officer*)
David Prince (*Non-Executive Director*)
Prof. Sepp Ylä-Herttuala (*Non-Executive Director*)
Peter Keen (*Non-Executive Director*)
Sir Mark Richmond (*Non-Executive Director*)
Dr Wolfgang Plischke (*Non-Executive Director*)

28 July 2010

Dear Shareholder,

**APPOINTMENT OF NON-EXECUTIVE DIRECTOR,
CONSULTANCY AND SHARE OPTION TERMS
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Further to the press announcement released by the Company on 13 July 2010, the Company is writing to you, in accordance with its obligations under the Takeover Code, to seek Shareholders' approval to the appointment of Iain Ross as a Non-Executive Director of the Company, the terms on which Iain Ross will provide consultancy services to the Company and the terms of grant of an option to him by the Company.

The purpose of this document is to give you further information about the background to and reasons for the proposal, and to seek your approval of the Resolutions.

2. BACKGROUND TO THE APPOINTMENT

As reported on 18 May 2010, the Board endorsed a strategy of selective partnering of programmes together with a plan to monetise certain assets through continuing discussions with parties that had expressed an interest in discrete parts of the business, in particular the Woundcare business and Manufacturing. A number of companies have completed or are in the process of completing due diligence on the Group's Woundcare business and negotiations are now in progress with a number of those companies. Optimisation of the manufacturing facility's use and value is to be achieved through increasing the scale of contract manufacturing capacity and by entering into more formal collaborative partnerships. Detailed discussions with selected companies on a more strategic partnership are in progress and a growing number of companies are now in discussions for manufacturing services.

However, current discussions with these companies are at a very early stage and there is no certainty that a satisfactory transaction can be successfully negotiated. In light of approaches that have been made relating to possible offers for the whole of the Company under the Takeover Code, the Company remains in an offer period until all such approaches have been finally resolved. Until such time there can be no assurance that any such approach will lead to an offer. In the Board's opinion, indicative offers received thus far have not adequately reflected the value of the Company's assets.

Furthermore, the Board has concluded that all available alternatives for increasing shareholder value should be explored and as a means to facilitate that has appointed Iain Ross as a consultant to the Company. Iain will work in a part-time role to support Martyn Williams and his management team in identifying and implementing the strategic initiatives required to restore

shareholder value including working on manufacturing, commercial and funding initiatives and alternatives.

Iain has also accepted the Board's invitation to join the Board as a Non-Executive Director subject to your approval.

While the Company remains in an offer period, it is subject to the rules of the Takeover Code. Rule 21.1 of the Takeover Code requires that the board of a company must not, without the consent of shareholders voting in general meeting, enter into any contracts otherwise than in the ordinary course of business, since doing so may have the effect of frustrating a potential offer. Accordingly, the appointment of Iain Ross to the Board, the terms of the formal consultancy agreement under which he will provide services to the Company and the terms of the share option grant proposed to be made to him are deemed to be outside of the ordinary course for the purposes of the Takeover Code and therefore are conditional upon and subject to your approval pursuant to Rule 21 of the Takeover Code. Further details of the appointment, the consultancy and the share option grant are set out in section 3 below.

Finally, and as announced on 13 July 2010, Dr Wolfgang Plischke and Sir Mark Richmond, have agreed to step down from the Board at the conclusion of a Board meeting proposed to be held on or around 17 August 2010.

3. TERMS OF APPOINTMENT, CONSULTANCY AGREEMENT AND SHARE OPTION

3.1 Terms of Appointment as a Director

It is proposed that, subject to shareholders' approval, Iain Ross be appointed to the Board as a non-executive director at an initial fee of £25,000 per annum and an attendance allowance of £1,200 per Board meeting and £600 per sub-committee meeting.

The appointment will be terminable by three months' notice given by either party, and will be subject to annual review.

3.2 Consultancy Agreement

The Company has entered into a formal consultancy agreement with Gladstone Consulting Partnership for the provision of the services of Iain Ross for a minimum of two days per week for the purposes described in section 2 above.

The consultancy agreement commenced on 11 July 2010 on an "at will" basis. If it is not approved by shareholders at the EGM, it will terminate on the date of the EGM. If it is so approved, it will be renewed so as to take effect for a fixed term of six months commencing on the date of the EGM, subject to termination by the Company on three months' notice.

From 11 July 2010 to the date of the EGM, the consultancy fee is payable at the rate of £15,000 plus VAT per calendar month. If the consultancy agreement is approved at the EGM, the consultancy fee thereafter will be payable at the rate of £10,000 plus VAT per calendar month. Part months will be time apportioned. Out of pocket expenses wholly, necessarily and reasonably incurred in the provision of the consultancy services will be reimbursed.

3.3 Share Option

In addition to the payments described above, and in order to align Mr. Ross's interests as a consultant with those of Shareholders, a share option grant to Mr. Ross is proposed. If approved, the grant will be made as soon as reasonably practicable thereafter, subject to the requirements of the Model Code. The Board is aware that the grant of options to non-executive directors and consultants is not, in general, considered to be best practice. However, the field in which the Company operates, its current commercial requirements, the views expressed to the Board by certain shareholders and the overall detail of the proposed arrangements with Mr. Ross all combine to justify a departure from general practice.

In summary, the principal terms of the proposed option, which would be granted only after approval by Shareholders, are as follows:

1. *Number of shares* 2,000,000.
2. *Exercise price* The greater of:
 - (a) 10p; and
 - (b) twice the closing middle market price on the date of Mr Ross's appointment to the Board (the "Appointment Date").
3. *Vesting* The option will vest in equal monthly instalments over six months commencing on the Appointment Date.
4. *Exercise* The option will become exercisable, in the normal course of events, 12 months after the Appointment Date.
5. *Early exercise* Subject (unless the Board shall determine to the contrary) to the vesting schedule during the first six months, the option may be exercised during the periods set out below, and will then lapse if not exercised:
 - (a) on a takeover, within a maximum of one month thereafter;
 - (b) on termination of the consultancy by reason of death, within 12 months of death;
 - (c) on termination of the consultancy:
 - (i) by reason of injury, ill-health or disability;
 - (ii) as the result of either party giving notice of termination in accordance with the terms of the consultancy; or,
 - (iii) for any other reason (other than one justifying the termination of the consultancy without notice) and the Board in its discretion permits, within six months of the date of termination of the consultancy, or such longer period as the Board shall allow while Mr. Ross remains a director of the Company, not extending beyond the expiry of five years commencing on the Appointment Date.
6. *Overriding lapse* The option shall lapse on termination of the consultancy for any reason other than one falling within 5(b) or 5(c) above and, in any event, on expiry of five years commencing on the Appointment Date.
7. *Variation of capital* In the event of any variation in the share capital of the Company, adjustments to the number of Shares subject to the option and/or the exercise price may be made by the Board in such manner and with effect from such date as the Board may determine to be appropriate.
8. *Retention of shares* While in office, and unless the Board shall determine otherwise, Mr. Ross shall retain 50% of the shares acquired on exercise of the option, net of any disposals made in order only to fund the exercise price and/or any tax liability arising by reason of the exercise.

2,000,000 shares represents approximately 0.966% of the Company's issued ordinary share capital at the date of this circular. It is proposed that this option should not be aggregated with other grants and awards under the Company's employee share plans for the purposes of their overall limits. However, grants and awards under those plans shall be limited to an aggregate

maximum of 1% of the Company's issued ordinary share capital from time to time in the year ending 31 December 2010 and 2% of the Company's issued ordinary share capital from time to time in the year ending 31 December 2011. This will provide the Board with the necessary headroom for other grants and awards in the normal course.

4. BIOGRAPHICAL AND OTHER DETAILS OF IAIN ROSS

Following a career with multi-national companies including Sandoz, Fisons plc and Hoffman La Roche, Mr Ross joined the Board of Celltech Group plc in 1991 and was responsible for building Celltech Biologics, the contract manufacturing division which was later sold to Alusuisse Lonza. For the last 15 years he has undertaken a number of company turnarounds and start-ups as a board member on behalf of private equity groups and banks including Quadrant Healthcare plc, Allergy Therapeutics Ltd, Eden Biodesign Ltd, Phadia AB and SR Pharma plc. Currently he is Non-Executive Chairman of Biomer Technology Ltd and Pharminox Ltd, and is a Non-Executive Director of Benitec Limited. He is a Qualified Chartered Director of the UK Institute of Directors, a Trustee of the Breast Cancer Haven and a member of the Council of Royal Holloway University of London.

In accordance with Listing Rule 9.6.13, the following information is disclosable:

In the past five years, Iain Ross has held directorships of Silence Therapeutics plc (formerly SR Pharma plc), Angle plc and Hansard Group plc, whose shares were traded on the London Stock Exchange. Mr Ross is currently a Director of Benitec Limited, whose shares are traded on the Australian Securities Exchange (ASX).

The Company confirms that there is no further information to disclose in relation to Listing Rule 9.6.13.

5. EXTRAORDINARY GENERAL MEETING

Pursuant to Rule 21 of the Takeover Code, the Company is required to obtain approval of Shareholders for the appointment of Iain Ross as a director of the Company and for the entry into by the Company of the consultancy agreement, and related share option grant, as described in this letter.

Accordingly, a notice convening an extraordinary general meeting of the Company to be held at 11.00 a.m. on 19 August 2010 at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA is set out at the end of this document. A Form of Proxy to be used in connection with the Extraordinary General Meeting is enclosed. The purpose of the Extraordinary General Meeting is to seek Shareholders' approval for the appointment of Iain Ross as a non-executive director and to approve the terms of his consultancy agreement and share option grant.

6. ACTION TO BE TAKEN

You will find enclosed a Form of Proxy for use at the Extraordinary General Meeting. Whether or not you intend to be present at that meeting, you are requested to complete the Form of Proxy (in accordance with the instructions printed thereon) and return it to the Company's registrars, Capita Registrars, at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible and, in any event, so as to arrive by 11.00 a.m. on 17 August 2010. Completion and return of a Form of Proxy will not preclude you from attending that meeting and voting in person if you so wish.

7. RECOMMENDATION

The Board considers that the Resolutions to be put to the Shareholders at the EGM are in the best interests of the Company and its Shareholders as a whole. While the Board is aware that the proposals put forward by the Company are deemed to be outside of the ordinary course for the purposes of the Takeover Code, Shareholders are encouraged to approve the proposals as discussions relating to any offer for the Company are at an early stage and may not lead to any formal offer being made. As such, the Board is of the view that the scope for the appointment of

Iain Ross to be frustrating for any potential offeror is limited. Accordingly, the Directors unanimously recommend that all Shareholders vote in favour of the Resolutions, as they intend to do in respect of their own beneficial holding, comprising in aggregate 3,286,740 Shares, representing approximately 1.57 per cent of the existing issued voting share capital of the Company.

Yours faithfully,

Andrew Christie
Chairman

Definitions

The following definitions apply throughout this document and the accompanying Form of Proxy, unless the context otherwise requires:

"Ark" or the "Company"	Ark Therapeutics Group plc
"Directors" or "Board"	the directors of the Company as at the date of this document whose names are set out on page 1 of this document
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of the Company convened for 19 August 2010 (or any adjournment of it), notice of which is set out at the end of this document
"Financial Services Authority" or "FSA"	the Financial Services Authority of the UK in its capacity as the competent authority for the purposes of Part VI of FSMA and in the exercise of its functions in respect of admission to the Official List otherwise than in accordance with Part VI of FSMA
"Form of Proxy"	the form of proxy relating to the EGM being sent to Shareholders with this document
"FSMA"	the Financial Services and Markets Act 2000, as amended
"Group"	the Company and its Subsidiaries
"Listing Rule(s)"	the listing rules made by the FSA under Part VI of FSMA (as amended from time to time)
"London Stock Exchange"	London Stock Exchange plc
"Model Code"	the Model Code on directors' dealings in securities set out in Listing Rule 9 Annex 1
"Shares"	ordinary shares of 1 pence each in the capital of the Company
"Shareholder(s)"	holder(s) of Shares
"Subsidiary" or "Subsidiaries"	means Ark Therapeutics Limited, Patient Plus Limited, Ark Therapeutics Oy and Lymphatix Oy
"Takeover Code"	The City Code on Takeovers and Mergers
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland

ARK THERAPEUTICS GROUP PLC

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** (the "**EGM**") of Ark Therapeutics Group plc (the "**Company**") will be held at 11.00 a.m. on 19 August 2010 at the offices of Ashurst LLP, Broadwalk House, 5 Appold Street, London EC2A 2HA to consider and, if thought fit, to pass the following resolutions as ordinary resolutions of the Company (as the case may be, as indicated below).

ORDINARY RESOLUTIONS

1. **THAT** Mr. Iain Ross be and is hereby appointed as a non-executive director of the Company with immediate effect on and subject to the terms of the appointment summarised in paragraph 3 of the Chairman's letter to Shareholders dated 28 July 2010 and more particularly set out in the letter of appointment a draft of which is produced to the meeting and initialled by the Chairman for the purpose of identification.
2. **THAT** the consultancy agreement and the share option grant, the principal terms of each of which are described in paragraph 3 of the Chairman's letter to Shareholders dated 28 July 2010 and drafts of which are produced to the meeting and initialled by the Chairman for the purpose of identification be and are hereby approved and the directors of the Company be and are hereby authorised to carry the same into effect with such amendments (not inconsistent with the principal terms) as they may consider necessary or desirable.

BY ORDER OF THE BOARD

Andrew Christie

Director, Chairman of the Board

28 July 2010

Registered Office:

79 New Cavendish Street
London
W1W 6XB

Registered in England and Wales with Registered No: 4313987

Notes:

1. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that in order to have the right to attend and vote at the Extraordinary General Meeting (and also for the purpose of determining how many votes a person entitled to attend and vote may cast), a person must be entered on the register of members of the Company at 6.00 p.m. on 17 August 2010 or, in the event of any adjournment, at 6.00 p.m. on the date which is two days before the day of the adjourned meeting. Changes to entries on the register of members after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
2. A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, to speak and to vote at the Extraordinary General Meeting. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him. A

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proxy need not be a member of the Company. A Form of Proxy for the meeting is enclosed.

To be valid any proxy form or other instrument appointing a proxy must be received by post or by hand (during normal business hours only) by our registrar, Capita Registrars, at PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 11.00 a.m. on 17 August 2010. If you are a CREST member, see note 3 below.

Completion of a Form of Proxy, or other instrument appointing a proxy or any CREST Proxy Instruction will not preclude a member attending and voting in person at the meeting if he/she wishes to do so.

3. Alternatively, if you are a member of CREST, you may register the appointment of a proxy by using the CREST electronic proxy appointment service. Further details are contained below.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting and any adjournment(s) thereof by using the procedures, and to the address, described in the CREST Manual subject to the provisions of the Company's articles of association. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK and Ireland (formerly CRESTCo) specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of the Extraordinary General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that Euroclear UK and Ireland (formerly CRESTCo) does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

4. Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may have a right, under an agreement between him/her and the member by whom he/she was

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nominated, to be appointed (or to have someone else appointed) as a proxy for the Extraordinary General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may have a right, under such an agreement, to give instructions to the member as to the exercise of voting rights.

The statement of the above rights of the members in relation to the appointment of proxies does not apply to Nominated Persons. Those rights can only be exercised by members of the Company.

5. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
6. Any member attending the Extraordinary General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the company or the good order of the meeting that the question be answered.
7. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at www.arktherapeutics.com.
8. As at 26 July 2010 (being the last practicable date prior to the publication of this notice) the Company's issued share capital consists of 209,045,051 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at that date are 209,045,051.
9. You may not use any electronic address (within the meaning of section 333(4) of the Companies Act 2006) provided in this Notice of Meeting (or in any related documents including this Circular to Shareholders and any proxy form) to communicate with the Company for any purposes other than those expressly stated.