



**COMPANY ANNOUNCEMENT
16th December 2008**

UPDATE ON NSL-043

NeuroDiscovery Ltd (ASX: NDL), a specialty neuroscience services provider and drug development Company, today provides an update as to the status of the NSL-043 development programme. The Company will postpone the next clinical trial until such time as additional finance for the NSL-043 programme can be secured.

As previously announced the Company has successfully completed two positive Phase I trial results, in addition to recently announced further pivotal pre-clinical efficacy data for NSL-043.

The on-going financing discussions in relation to funding the further development of NSL-043 with parties in Australia, Europe and Japan have not, as yet, been successfully concluded. The Company will update the market if and when these discussions are successfully concluded.

As a result funding issues and the need to preserve the Company's cash reserves the Company has served notice to its joint development partner, Sosei Co Ltd, that at this time, the Company is unable to contribute to its share of the outstanding costs of development of NSL-043 for the period January to September 2008.

Under the Collaboration Agreement with Sosei in the event that NeuroSolutions is unable to contribute to costs of development and has notified Sosei in writing that it is unable to contribute to the costs (or it has failed to contribute to its share of the costs) then NeuroSolutions share of the ownership of the intellectual property and its right to receive 50% of the revenue will be reduced after taking into account the total costs that NeuroSolutions has contributed at the time the first revenue is received, unless otherwise agreed by the management committee of NSL-043.

Importantly, NeuroSolutions will have a period of six months from the date of serving notice in which to raise additional funds to enable it to contribute to its outstanding payments and contribute to its 50% share of the costs set out in agreed milestone budgets to achieve the next milestone or continue the development programme for the next twelve months.

NeuroSolutions currently plans to meet with Sosei during December to discuss the strategy to progress and fund the development of NSL-043 into the next clinical trial. At this meeting the potential dilution of NeuroSolutions ownership of the intellectual property, upon failure to meet its obligations at the end of the six month period as mentioned above, will be discussed and the Company will inform the market once this position is agreed.

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About NeuroDiscovery

NeuroDiscovery Ltd is an ASX listed speciality neuroscience services provider and drug development company which owns 100% of NeuroSolutions Ltd (ASX Code NDL).

About NeuroSolutions

NeuroSolutions Limited is a profitable service company, which has applied its broad spectrum expertise and drug discovery platforms to become a leading provider of specialised electrophysiological assays to the biopharmaceutical industry. Electrophysiology is a specialised technique which is used to record electrical activity in membranes, cells or tissues. NeuroSolutions' current clients include many established pharmaceutical and biotechnology companies.

In parallel to running its service business, the Company is also exploiting its in-house technologies and expertise for its own internal R&D and has a mature pipeline of programmes underway for the treatment of pain.

During 2008, the Company reported success in a Phase II trial for NSL-101. The Company also successfully completed two Phase I trials for the development compound NSL-043, in partnership with Sosei Co. Ltd. Both of these trials reported a successful outcome.

Except for historical information, this news release may contain forward-looking statements that reflect the Company's current expectation regarding future events. These forward looking statements involve risk and uncertainties, which may cause but are not limited to, changing market conditions, the successful and timely completion of clinical studies, the establishment of corporate alliances, the impact of competitive products and pricing, new product development, uncertainties related to the regulatory approval process, and other risks detailed from time to time in the Company's ongoing quarterly and annual reporting.

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