



**COMPANY ANNOUNCEMENT**  
**22 December 2009**

### **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 confirms it will not commit to a Phase II trial and as such its ownership in the NSL-043 programme will fall to approximately 32% under the existing Collaboration Agreement with Sosei Corporation Ltd (Sosei).

In order to preserve the Company's cash reserves the Company today advised its joint development partner, Sosei, NSL will not contribute to its share of the outstanding costs of development of NSL-043 for the period January to December 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. At this point in time when taking into account the total costs that NeuroSolutions has contributed to December 2009, NeuroSolutions ownership now falls from 50% to approximately 32%. In addition, under the on-going Collaboration Agreement the Company is no longer required to provide any funding for the future development of the program.

Representatives of NeuroDiscovery met with Sosei during December to discuss Sosei's strategy to progress the development of NSL-043 into Phase II and explore potential commercialisation opportunities. At this meeting the dilution of NeuroSolutions ownership of the intellectual property was agreed as above and a strategy on how to ensure the program enters the next stage of clinical trials reviewed. Both parties remain optimistic that there is a path to commercialisation that can be agreed. The Company will inform the market once this strategy is agreed.

As previously announced the Company and Sosei have successfully completed two positive Phase I trials, in addition to further pivotal pre-clinical efficacy data for NSL-043. As such, if successful additional trials are conducted the Company remains optimistic that there is still the potential for significant returns to shareholders despite the current dilution of ownership.

**-ENDS-**

### **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 Corporation. 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.*

### **CONTACTS**

David McAuliffe Executive Director
T: +61 (0)408 994 313
E: <a href="mailto:macdavid@inet.net.au">macdavid@inet.net.au</a>