



**COMPANY ANNOUNCEMENT
26 August 2008**

**NSL-101 DEMONSTRATES EFFECTIVE PAIN RELIEF IN PHASE IIa
TRIAL**

NeuroDiscovery Ltd (ASX: NDL) a neurology focused research and development company, has completed two parallel Phase IIa clinical trials of NSL-101 for two different dental surgery applications. The novel NSL-101 natural product formulation was highly effective in the treatment of pain associated with root planing and scaling, a painful procedure used to combat periodontitis. In a further parallel clinical trial for the treatment of post-operative pain caused by the extraction of impacted third molars ("wisdom teeth") the Company was unable to clearly demonstrate NSL-101's effects due to unexpected confounding factors. The results from the periodontitis trial demonstrate that NSL-101 is an effective analgesic preparation and this proof-of-concept data significantly enhances the value of this clinical asset. These results have led to a new patent filing to protect the Company's intellectual property position.

The periodontitis study compared the analgesic efficacy and safety of NSL-101 gel with a local anaesthetic, which is the gold standard for pain prevention during scaling and root planing. This procedure is used to treat moderate to severe periodontitis, and is typically associated with significant pain. NSL-101 was highly effective and well tolerated. It was found to be equally effective as the local anaesthetic gel, and no adverse effects were reported. Further details of the trial are contained in the appendix.

The second parallel study was unable to evaluate the analgesic efficacy of NSL-101 compared with placebo in patients after the extraction of one or more impacted wisdom teeth. The duration of the local anaesthetic used during surgery was longer than expected, thus potentially masking any analgesic effects of NSL-101 and compromising the outcome of the study. The study was designed to ensure that patients would not experience severe pain at any time and NSL-101 was found to be well tolerated.

Based on the successful proof-of-concept data that the topical application of NSL-101 can effectively prevent the perception of pain, NeuroDiscovery has filed a new patent describing the preparation, formulation and use of NSL-101. NeuroDiscovery is currently seeking an appropriate out licensing and/or collaborative partner who will receive the rights to market this product.

Dr Iain Chessell, CEO of NeuroDiscovery, commented, "We are delighted to have demonstrated the effectiveness of NSL-101. This exciting new treatment has many over-the-counter applications."

Dr Mark Treherne, Chairman of NeuroDiscovery added, "There are significant commercial opportunities for new additions to toothpastes, ulcer gels, toothache remedies, as well as creams and ointments for stings and grazes. NSL-101 may also have future commercial applications following minor cosmetic procedures. NSL-101 is an opportunity to differentiate our products from those of our competitors, and these new data could well provide us with a significant commercial advantage. Furthermore, the results from the periodontitis trial demonstrate our ability to identify treatments that work in the clinic."

-ENDS-

For further information please contact:

CONTACTS

Company		Media & Investor Relations
David McAuliffe – Executive Director	Iain Chessell – Chief Executive Officer	Fay Weston – Talk Biotech
T: +61 (0)408 994 313	T: +44 (0)7717 800 437 (after 4pm AEST for UK time zone or call Fay Weston to arrange a call)	T: +61 (0)422 206036 or +61 (0)2 48852662
E: macdavid@iinet.net.au	E: ichessell@neurosolutionsltd.com	E: fayweston@talkbiotech.com.au

About NSL-101 & Periodontitis & Wisdom Tooth Extraction

NeuroDiscovery has collaborated with Ampika Ltd to develop further knowledge of medicinal plants with a view to capitalising on opportunities offered by herbal formulations. NSL-101 was identified from the Ampika database of medicinal plants. NeuroDiscovery owns NSL-101 *via* a worldwide exclusive license.

Periodontitis is an infectious disease that affects the gums and can invade underlying bone. The main target of the scaling and root planing procedure is to recover gum health by completely removing the factors that are found on the surface root of the teeth, such as plaque, calcification and altered cement, and factors that produce gum inflammation.

The third molar or wisdom tooth is a source of pain for many people worldwide. The pain and associated with the extraction of a wisdom tooth is well-known. On average, after surgical extraction, 60% of patients experience moderate pain and 40% experience severe pain before asking for an analgesic drug. Non-steroidal anti-inflammatory drugs (NSAIDs) are used extensively for the control of pain after minor surgery and are effective for acute and chronic pain but unwanted side effects such as gastrointestinal intolerance can appear.

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 successfully completed two Phase I trials for its development compound NSL-043, in partnership with Sosei Co. Ltd. Both of these trials reported a successful outcome, facilitating further development.

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.

APPENDIX 1

Phase II trial – Periodontitis scaling and root planning

Trial Title	Double-blind, randomized controlled evaluation of the analgesic efficacy, anti-inflammatory activity and safety of NSL-101 gel compared with the 5% local anaesthetic gel in the periodontological procedure of scaling and root planing in patients with moderate to severe periodontitis
Patient Population	50 healthy patients aged 18-55 years with moderate to severe periodontitis undergoing scaling and root planning procedure
Trial Site	Clinic of Odontology in the Faculty of Stomatology Robert Beltran Neira of the Peruvian University Cayetano Heredia, Lima, Peru
Trial Design	Single centre, double blind, controlled comparative study This clinical trial was conducted according to the principles of the Good Clinical Practice (GCP) guidelines of the ICH and the ethical principles laid down in the current revision of the Declaration of Helsinki amended 2000 (Edinburgh, Scotland).
Trial Objectives <u>Primary objective:</u> <ul style="list-style-type: none">• Evaluation of the analgesic effectiveness of NSL-101 gel, in comparison to conventional 5% anaesthetic gel <u>Secondary objectives:</u> <ul style="list-style-type: none">• Evaluation of NSL-101 safety of its use in comparison to conventional 5% anaesthetic gel	Pain intensity as measured by patients on a scale (Visual Analog Scales VAS and Verbal Rating Scale VRS). NSL-101 produced numerically superior analgesia compared to 5% anaesthetic gel, but the difference was not statistically significant. The duration of action of NSL-101 was also numerically superior to 5% anaesthetic gel, but the difference was not statistically significant. Statistically, overall, the efficacy of NSL-101 was comparable to that of 5% local anaesthetic gel No TEAE's (Treatment-Emergent Adverse Events) arising from the use of NSL-101 or anaesthetic gel were reported