



## Neuren Strategy Update

**SYDNEY, Australia, 21 January 2009:** Neuren Pharmaceuticals Limited (ASX:NEU) is providing this update for shareholders on the Company's strategy to continue development of its pipeline of clinical and preclinical stage assets.

Neuren views NNZ-2566 as a valuable asset. This view has been reinforced by recent discussions with potential investors and partners and continued support from the US Army. We are in active discussions with a number of parties concerning an investment that would, by enabling Neuren to initiate the Phase II trial in traumatic brain injury patients, result in realisation of financial support previously committed by the US Army to cover certain costs incurred in relation to the Phase II trial. The Company believes that the most likely outcome of these discussions will be placement of private equity into a US-based subsidiary owned by Neuren. The IND application for the Phase II clinical trial is in the final stages of preparation and we expect it to be submitted to the US Food and Drug Administration within the next few weeks.

While the Company's board of directors and management were naturally disappointed by the recently-announced results from the Glypromate® trial, based on recent discussions, we believe that both potential strategic partners and investors appreciate that the results reflect a substantially lower incidence of cognitive impairment than expected rather than a demonstrable failure of the drug to reduce cognitive impairment. As noted in the announcement, only approximately 20% of all patients experienced any degree of cognitive impairment at 12 weeks and, among those patients who did exhibit some degree of impairment, a large proportion evidenced only a small decline compared to baseline (pre-operative) cognitive function. Further, the incidence of adverse events in patients receiving Glypromate® was not different than among those patients receiving placebo. The six-fold lower mortality rate among patients receiving Glypromate® compared to placebo, while not statistically significant, also reinforces our belief that the drug is safe and that development for traumatic brain injury is appropriate.

In addition to pursuing a strategy that we expect will enable the Company to continue the development of NNZ-2566, the Company is engaged in discussions to further increase the value of other assets. Neuren has agreed in principle with a New Zealand-based trust to establish a joint venture company to progress our discovery-stage cancer programs. The trust (which will be identified when the contemplated transaction has been approved by both boards) has agreed to contribute up to NZ\$1.1 million to support research and development expenses for Neuren's TFF-1, TFF-3 and anti-human growth hormone programs in exchange for an equity interest in a new company majority owned by Neuren. Neuren has recently reacquired rights to the TFF-1 program while the partner previously referenced but not identified due to confidentiality will receive an option to take up commercial development at the end of 2009. Neuren will retain the upfront payment already received.

The Company also is presently engaged in a number of substantive discussions with various third parties with respect to licensing and/or co-development of additional neurology-focused assets including Motiva™ (nefiracetam), the diketopiperazine platform which includes the lead candidate NNZ-2591, and the neural regeneration peptides (NRPs). If and when these discussions mature to definitive agreements, additional announcements will be forthcoming.



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Commenting on recent developments, Dr. Robin Congreve, Neuren's Chairman, noted that "These are extraordinarily difficult times for all sectors of the economy and particularly for emerging biotechnology companies. Despite the current challenges in the capital markets and the recent setback with Glypromate®, we sincerely hope that investors will recognise that the Company's board and management are fully committed to advancing the pipeline and to delivering value for shareholders through whatever means are most appropriate and achievable."

*For more information please visit [www.neurenpharma.com](http://www.neurenpharma.com) or contact:*

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