

**PROXIMAGEN GROUP PLC**  
**(“Proximagen” or “the Company”)**

**Proximagen signs Sale and Purchase Agreement for sabcomeline**

London, UK, 4 August 2010 – Proximagen Group plc (AIM: PRX), the biotechnology company focused on diseases of the central nervous system, today announces that it has signed a Sale and Purchase Agreement (the “Agreement”) with BrainCells Inc. (“BCI”) for Proximagen’s sabcomeline programme. Under the terms of the Agreement, BCI will pay Proximagen an up-front fee and milestone payments together worth up to \$51 million, as well as a royalty on sales. Proximagen had acquired sabcomeline in February 2010 through its acquisition of Minster Pharmaceuticals plc (“Minster”).

Under the terms of the Agreement, BCI will own the worldwide rights to sabcomeline and will be responsible for the clinical development, regulatory filing and commercialisation of the drug candidate. The Agreement transfers from Proximagen to BCI the rights and obligations under the sabcomeline development and licence agreement signed between Minster and SmithKline Beecham plc (subsequently GlaxoSmithKline, “GSK”) in April 2001. Consequently, BCI is now entirely responsible for future milestone and royalty payments due to GSK under the April 2001 agreement.

Sabcomeline, a muscarinic partial agonist, has been shown to be safe and well-tolerated in over 3,000 patients. BCI plans to initiate a Phase 2 clinical trial to evaluate sabcomeline as augmentation to SSRIs for the treatment of patients with major depressive disorder. Improvements in cognitive function will also be measured.

**Commenting on the Agreement, Kenneth Mulvany, Chief Executive Officer of Proximagen, said:** “We are delighted that BrainCells will be taking on the development of sabcomeline and we look forward to it achieving clinical success under BrainCells’s ownership. Proximagen’s focus is on neurological conditions, primarily Parkinson’s disease, epilepsy, cognition and pain, and it therefore makes strategic sense for us to divest sabcomeline, a drug programme developed for neuropsychiatric indications, to BrainCells, a company with particular expertise in neurogenesis and neuropsychiatric disorders. With the signing of this Agreement, we will have partnered both Minster programmes within six months of the acquisition of Minster, retaining the EU rights for tonabersat and an economic interest in sabcomeline through future milestone payments and royalties. Both are good examples of our flexibility towards the development of programmes and our desire to balance financial and scientific risk.”

**For further information, please contact:**

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### **About Proximagen**

Proximagen is a leading biotechnology company committed to developing novel drugs and innovative new treatments for disorders of the central nervous system, bringing new hope to patients and value to our shareholders. Founded in 2003 as a spin-out from King's College London, Proximagen joined the Alternative Investment Market of the London Stock Exchange in March 2005, raising £13.5 million via a placing. In June 2009, the Company raised an additional £50 million.

Proximagen's growth strategy is science-driven and seeks to balance financial and scientific risk as it develops a pipeline of pre-clinical and clinical stage compounds, using its expertise in neuroscience and drug development. The company takes a flexible approach to how far it develops programmes before partnering, being mindful of a number of factors including development risk, the progress of competitor programmes, its financial position and its belief that the retention of rights to certain territories is an important long-term value driver.

Proximagen's pipeline now comprises a broad portfolio of programmes from discovery through clinical development, addressing a number of therapeutic areas including Parkinson's disease, epilepsy, cognition and neuropathic pain.

The Company continues to expand its drug pipeline through acquisition, in-licensing and partnering, with the aim of becoming one of the world's leading companies developing therapeutics for patients suffering from diseases of the central nervous system.

For more information, please visit the company's website at [www.proximagen.com](http://www.proximagen.com)

### **About BrainCells Inc.**

BrainCells Inc. is a drug discovery and development company leading the scientific research of neurogenesis by applying its proprietary human neural stem cell platform technology to identify novel pathways for new therapeutics to treat various central nervous system (CNS) diseases. Neurogenesis is the process by which stem cells in the adult human brain produce new brain tissue, including neurons. With its predictive screening platform, BrainCells can direct the selection and development of neurogenic compounds, increasing the opportunity for successful clinical trials in a variety of indications.

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