



PROXIMAGEN NEUROSCIENCE PLC
(“Proximagen” or “the Company”)

**PROXIMAGEN RAISES £50M THROUGH PLACING
TO ACQUIRE AND DEVELOP DRUG PROGRAMMES**

~ One of the largest biotech fundraisings in the UK in the past 10 years ~

Proximagen Neuroscience plc (AIM: PRX), the biopharmaceutical company focused on neurodegenerative diseases, is pleased to announce that it has conditionally placed 35,714,286 new ordinary shares of 1p each (“Ordinary Shares”) at a price of 140 pence per share (the “Placing Shares”), to raise gross proceeds of £50 million (the “Placing”). The net proceeds of the Placing will provide the Company with capital to acquire and in-licence drug development programmes and to further develop these programmes to commercialisation. The Placing has been fully underwritten by Evolution Securities.

Highlights of the Placing

- £50 million (before expenses, £49 million net) raised from new and existing shareholders, including participation from licensing partner Upsher-Smith Laboratories, Inc (Upsher-Smith);
- One of the largest biotech fundraisings in the UK in the past 10 years;
- The Placing price of 140 pence per Placing Share represents no discount to the Company’s closing bid price of 140 pence per Ordinary Share on 4 June 2009;
- The proceeds will be used to acquire and in-licence drug development programmes;
- A number of drug development programmes presenting acquisition and licensing opportunities have already been identified and are under negotiation;
- The proceeds of the Placing will be utilised over a two to three year period; and
- The funds further strengthen the Company’s existing cash balance, bringing it to more than £57 million.

A circular, providing Shareholders with information about the background to and the reasons for the Placing and containing a notice of General Meeting of the Company convened for 11.00 a.m. on 23 June 2009, will be sent to shareholders of the Company today. Defined terms in this announcement are to have the same meaning as in the circular posted today.

Commenting on the successful fundraising, Kenneth Mulvany, Chief Executive of Proximagen, said:

“We are very pleased with the support from our current and new investors for the fundraising. We intend to use the proceeds of this fundraising to build on our competency in diseases of the central nervous system by acquiring, developing and commercialising innovative drug candidate programmes in clinical stages of development. There is an opportunity to consolidate a select group of high quality assets into one strong biopharma company capable of developing drug candidates to commercialisation. I am pleased that so many blue-chip investors have backed our proposed business strategy and recognise this opportunity.”

“The fundraising and business strategy will transform Proximagen into one of the UK’s best capitalised biopharmaceutical companies. By adopting a flexible investment strategy and working in alliance with companies via a number of different approaches, we intend to build a strong pipeline of assets, some of which we hope will be launched on the market in the near future. Proximagen looks forward to becoming a dominant CNS player in what is currently a highly fragmented sector. Most importantly, we look forward to leveraging our expertise and building a sustainable business which will return value to our shareholders.”

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About Proximagen

Proximagen is a drug discovery and development company that is focused on the development and commercialisation of novel therapeutics for diseases of the central nervous system. Its current lead programmes aim to improve the quality of life for patients suffering from neurodegenerative diseases such as Parkinson's disease and Alzheimer's disease.

Proximagen has developed a broad pipeline of partnered and unpartnered drug candidate programmes to address the significant unmet medical needs of patients with neurodegenerative disease. The Company recognises that exciting programmes and commercial prospects in its preferred therapeutic area of the central nervous system may become available at attractive valuations. The Company intends to pursue a strategy of acquiring such drug programmes and further developing them to commercialisation.

Proximagen, a spin-out from King’s College London, joined the AIM market of the London Stock Exchange in March 2005. For more information please visit the Company’s web site: www.proximagen.com.

Disclaimer

Evolution Securities Limited, which is authorised and regulated by the Financial Services Authority, is acting as nominated and financial adviser to the Company in connection with the matters described in this announcement. Evolution Securities Limited will not be responsible to anyone other than the Company for providing the protections afforded to clients of Evolution Securities Limited or for advising any other person on the Placing and any other arrangements described in this announcement. Evolution Securities Limited has not authorised the contents of, or any part of, this announcement and no liability whatsoever is accepted by Evolution Securities Limited for the accuracy of any information or opinions contained in this announcement or for the omission of any information.

Proposed Placing of New Ordinary Shares

1. Introduction

Your Board announced today that it proposes to raise £50 million (before expenses) by way of a placing of 35,714,286 New Ordinary Shares at a price of 140 pence per share. The net proceeds of the Placing will provide the Company with capital to acquire and in-licence drug development programmes and to further develop these programmes to commercialisation.

The Placing is conditional, inter alia, upon the Company obtaining approval from its Shareholders to grant the Board authority to allot the Placing Shares and to disapply statutory pre-emption rights which would otherwise apply to the allotment of the Placing Shares. The Placing, which has been arranged and fully underwritten by Evolution Securities pursuant to the terms of the Placing Agreement, is also conditional upon Admission.

2. The acquisition and commercialisation strategy

Proximagen's commercialisation strategy centres on partnering or out-licensing its programmes at development stages up to and including Phase II proof of concept studies. The Directors believe that sharing risk through partnerships and collaborations with pharmaceutical companies is an appropriate way to mitigate the significant costs associated with drug development programmes.

The Directors recognise that additional attractive drug development programmes in the Company's preferred therapeutic area of the central nervous system may become available, and a number of these will present commercialisation opportunities for the Group. Further, these prospects may be able to be acquired at relatively attractive valuations due to the limited funding opportunities available to biotechnology and pharmaceutical companies to develop and commercialise these prospects. The Company intends to pursue a strategy of acquiring such drug programmes and further developing them to commercialisation.

As the Company has done historically with its existing drug candidate pipeline, it will where possible seek to minimise the financial and operational risk of drug development by sharing the development costs of the acquired drug programmes through strategic partnerships and licensing agreements when appropriate. Proximagen currently has a licensing agreement worth \$232 million with Upsher-Smith Laboratories, Inc., a strategic partnership agreement with Boehringer Ingelheim, and has received a grant from The Michael J Fox Foundation funded under an initiative established through leadership funding from Elan Corporation plc (NYSE: ELN).

The Company has to date performed initial due diligence on a number of drug development programmes presenting acquisition or licensing opportunities. Some of these negotiations are at an early stage and the Company cannot guarantee that any of these potential opportunities will conclude in a commercial agreement. The Company will only invest in drug development programmes that present the prospect for satisfactory returns given their risk profile. The Board intends to utilise the proceeds of the Placing over a two to three year period.

3. Current trading and prospects

Proximagen released its audited preliminary results on 24 March 2009. The Company recorded a decrease in overall revenue in 2008 compared with 2007 from £324,000 to £272,000. Whilst revenue from services rendered to other pharmaceutical companies reduced, reflecting the emphasis by the Company on advancing its own drug development programmes, revenue from licensing activities and grants increased. R&D expenditure in

2008 totalled £2.3 million compared with £2.6 million in 2007. The year-on-year reduction reflected the stages of development that Proximagen's programmes have reached and the signing of the licensing agreement for our PRX1 programme. At 30 November 2008 cash balances were £10.2 million, an increase of £1.7 million from November 2007 largely as a result of Upsher-Smith's investment of \$6 million in the Company in October 2008. Since the year end the Company has continued to invest in its development pipeline and current cash balances are in line with management's expectations.

There has been no significant change in the trading or financial position of the Company since 30 November 2008, being the date to which the last audited accounts of the Company were prepared.

4. The Proposed Placing

The Company proposes to raise approximately £50 million (net of expenses) through the issue of the Placing Shares at the Placing Price. The Placing Price represents a discount of 2 per cent. to the closing middle market price of 142.5 pence per Ordinary Share on 4 June 2009, being the last practicable date prior to the publication of this document. The Placing Shares will represent approximately 62.3 per cent. of the Company's issued ordinary share capital immediately following Admission.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that such Admission will become effective and that dealings will commence on 24 June 2009.

Pursuant to the terms of the Placing Agreement, Evolution Securities has conditionally agreed to use its reasonable endeavours, as agent for the Company, to place the Placing Shares at the Placing Price with certain institutional and other investors. The Placing has been fully underwritten by Evolution Securities. The Placing Agreement is conditional upon, *inter alia*, the Resolutions being duly passed at the GM and Admission becoming effective on or before 8.00 a.m. on 24 June 2009 (or such later time and/or date as the Company and Evolution Securities may agree, but in any event by no later than 8.00 a.m. on 13 July 2009).

The Placing Shares will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive dividends and other distributions declared following Admission. It is expected that CREST accounts will be credited on the day of Admission and that share certificates (where applicable) will be dispatched by first class post by 13 July 2009.

5. Share options

The Board's remuneration committee intends to grant further options to certain executive Directors under the Company's existing share option plans in the near future following consultation with both existing and new investors in the Placing.

6. Placing statistics

Placing Price	140p
Number of Ordinary Shares in issue as at the date of this document	21,581,715
Number of Placing Shares being placed on behalf of the Company	35,714,286
Estimated proceeds receivable by the Company, net of expenses	£49 million
Number of Ordinary Shares in issue following Admission	57,296,001
Number of Placing Shares as a percentage of the enlarged issued ordinary share capital of the Company following the Placing	62 per cent.

7. Expected timetable of principal events

Each of the times and dates in the table below is indicative only and may be subject to change.

Publication of this document	5 June 2009
Latest time and date for receipt of Proxy Forms	11.00 a.m. on 21 June 2009
General Meeting	11.00 a.m. on 23 June 2009
Admission and dealings in the Placing Shares expected to commence on AIM	8.00 a.m. on 24 June 2009
Expected date for CREST stock accounts to be credited for Placing Shares in uncertificated form	24 June 2009
Expected date for posting of share certificates for Placing Shares	By 13 July 2009