



**e-Therapeutics plc
("e-Therapeutics" or the "Company")**

£21.0m conditional placing with new and existing institutional investors

**£17.6m (gross proceeds) of new money for the Company and
£3.4m of existing shares placed on behalf of certain selling shareholders**

15 February 2011: e-Therapeutics (AIM:ETX), the drug discovery and development company proposes to raise gross proceeds of £17.6 million (approx. £16.6 million net) through the issue of 67,740,904 new ordinary shares (the "New Shares") at 26 pence per share (the "Placing Price"), a premium of 2.0% to the closing share price on 14 February 2011, being the last dealing day prior to this announcement. The deal has attracted the support of both existing and new investors and includes a significant investment in the Company by Invesco Asset Management Limited ("Invesco"), which will invest in new shares resulting in a holding of approximately 47.7% of the enlarged share capital. A Rule 9 Waiver has been obtained from the Takeover Panel in respect of the resulting Invesco position.

The fundraising will be effected in two stages in order to allow investments made by certain venture capital trust funds to qualify under relevant legislation, referred to here as the First Placing and the Second Placing (together the "Placings"). The fundraising and the sale of existing shares have been led and managed by the Company's broker, Panmure Gordon. The Placings and the sale of secondary shares are conditional on shareholder approval of the resolutions described below.

Rationale for the Placings

The Placings reflect strong support from new and existing investors and secure funding for the Company's main objectives, namely:

- to develop 4 lead drug candidates through clinical trials, to demonstrate further the efficacy of the compounds, which the Company may seek to out-license following successful trials;
- to generate more internal development candidates through an increased number of discovery projects using the Company's network pharmacology platform, to broaden and deepen the Company's portfolio;
- to pursue further collaborative business development seeking to apply e-Therapeutics' discovery techniques to R&D projects and candidates principally funded by larger pharma and biotechnology company partners, with the intention of capturing milestone fees and future royalties.

Placing highlights

- The Placing Price represents a premium of 2.0% to the closing mid-market price of 25.5 pence on 14 February 2011, being the last dealing day prior to this announcement.
- The New Shares will represent approximately 49.4% of the enlarged issued share capital. Accordingly the Placings are conditional on the passing of resolutions to be considered at

a general meeting of the Company, to take place at Block B, Holland Park, Newcastle upon Tyne, NE2 4LZ on 3 March 2011 at 10.00am ("General Meeting").

- Significant investment is proposed by Invesco which, following the Placings and certain other events, will control approximately 47.7% of the voting rights in the enlarged issued share capital. The issue of new shares to Invesco is proposed following the granting of an Accelerated Rule 9 Waiver by the Takeover Panel.
- Irrevocable commitments and letters of intent to vote in support of the resolutions to approve the Placings, amounting to 78.1% of the Company's existing issued share capital, have been obtained in advance of the General Meeting, including 31.7% from the Directors. Accordingly the resolutions are expected to be passed, in line with the Directors' unanimous recommendation to shareholders to vote in favour of the Placings.
- Admission of the New Shares to be issued in conjunction with the First Placing is expected to take place on 4 March 2011, and in respect of the New Shares to be issued in conjunction with the Second Placing, on 7 March 2011.
- Shortly after Admission of all the New Shares, certain secondary trades in e-Therapeutics shares will also complete, reflecting additional institutional demand generated for shares in the Company and the wishes of certain existing investors to realize value from some or all of their holdings through the market.
- Shortly after the First Placing, 3,299,111 warrants (of the 3,497,443 total) issued in connection with the Company's March 2009 fundraising are expected to be exercised at the Placing Price ("Warrant Exercise"); the proceeds of this Warrant Exercise (together with a small portion of the Company's existing cash resources) will be used to redeem £857,769 of the £1,049,233 principal amount of the Loan Notes outstanding as at the date of this document, together with accrued interest (also issued as part of the March 2009 fund raising).

Following the Placings, the Warrant Exercise and the repayment of £0.9 million of the Loan Notes and accrued interest on the Loan Notes, the Company expects to have pro forma net cash as at 31 January 2011 of £17.5 million, giving it sufficient cash resources to pursue its business objectives and retain sufficient working capital until at least 2013.

A circular to shareholders will be dispatched today and will also be available on the Company's website (<http://www.etherapeutics.co.uk/Investor-Relations/investor-relations.html>) pursuant to AIM Rule 26 ("Circular"). The Circular will contain details of the granting of an accelerated waiver of the requirement for a 'whitewash' resolution to be put to shareholders by the Takeover Panel, following the written consent of a majority of independent shareholders who would otherwise have been entitled to vote on such a resolution (in accordance with certain considerations under Rule 9 of the Takeover Code).

Professor Malcolm Young, Chief Executive Officer of e-Therapeutics said:

"Our leadership in network pharmacology has enabled us to build an efficient drug discovery platform designed to discover effective and safe drug candidates in disease areas where there remains pressing unmet clinical need. This platform has now generated a development portfolio with multiple mid-stage drug candidates, whose value is now becoming evident.

"The response to this fundraising and the additional secondary appetite for shares in the Company reflect growing recognition of the considerable potential value being created in both the portfolio and the platform through the application of e-Therapeutics' proprietary techniques to major drug discovery and development problems.

"Following the Placings, e-Therapeutics will be capitalised to exploit its proprietary technology in both its own projects and in collaborations with partners in the wider pharma and biotech industry. e-Therapeutics looks forward to reporting further on the initiation and implementation of its lead candidate trials and their results (the latter in 2H 2012), and other material developments."

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Notes to Editors

About e-Therapeutics

e-Therapeutics is a pioneering network pharmacology company focused on drug discovery and development and providing solutions to partners. e-Therapeutics uses its unique network pharmacology platform to swiftly and accurately devise drugs that address presently unmet medical need and identify how medicines interact with cells in the body. This approach optimises the probability of identifying drug candidates with desirable efficacy and minimal side effects, demonstrating far higher productivity than conventional development approaches.

The Company has a broad clinical pipeline that combines mid- and late-stage pharmaceutical products with earlier stage opportunities, all addressing important market sectors and unmet medical needs such as depression, anti-biotic resistance, and cancer.

e-Therapeutics is based in Newcastle-upon-Tyne, UK and is listed on AIM under the ticker symbol ETX. For more information, please visit www.etherapeutics.co.uk.

Detailed Information in Relation to the Placings

Background to and reasons for the Placings

The strategy of the Company is to apply its platform technology towards two main goals:

- 1) the discovery and development of its own drug candidate portfolio to the point of anticipated commercial out-licensing
- 2) drug discovery collaborations with pharmaceutical and biotechnology companies

To date the technology platform has generated a portfolio of drug candidates from which 4 candidates have been selected for clinical development. As stated in its interim results release dated 29 October 2010, the Company has sought further investment to fund development of these drug candidates, to provide working capital and to support collaborative business development efforts. Following meetings with prospective and existing investors, the Company was pleased to have been offered substantial further investment. The Placings will enable the Company to pursue its full objectives, on a well capitalised basis, including additional discovery projects in order to broaden and deepen its drug candidate portfolio.

The Board is very pleased at the response from new and existing institutional investors in providing sufficient funding to the Company to execute its business plan and in the additional demand identified for existing e-Therapeutics shares, and believes that completion of the Placings will enable the Company to focus on maximising value for all shareholders. The Directors look forward to welcoming the new shareholders to the register following Admission and are grateful to existing shareholders for their continuing support.

The Placings

The Company proposes to raise gross proceeds of £17.6 million (approximately £16.6 million net of estimated expenses) through the issue of the New Shares. The Placing Price represents a premium of 2.0% to the closing mid-market price of 25.5 pence on 14 February 2011, being the last dealing day prior to the announcement of the Placings. The New Shares will represent approximately 49.4% of the Enlarged Issued Share Capital.

The Placings will be effected in two stages in order to allow investments made by certain venture capital trust funds, (the "VCT Investors") to qualify under VCT legislation. A portion of the New Shares will first be issued to VCT Investors (the "First Placing") and, on the following business day, the remaining New Shares will be issued to non VCT investors (the "Second Placing"). The Second Placing is conditional upon, inter alia, Completion of the First Placing.

The New Shares will rank pari passu with the existing Ordinary Shares in all respects including the right to receive all dividends or other distributions declared, made or paid by the Company by reference to record dates falling after their respective dates of allotment.

The Placings are conditional, inter alia, upon:

- the Resolutions being passed at the General Meeting; and
- Admission occurring on or before 8.00 a.m on 7 March 2011 (or such later date as the parties may agree).

Warrant Exercise

Immediately after the First Placing, warrants over 3,299,111 Ordinary Shares are expected to be exercised at the Placing Price (the "Warrant Exercise"). The £857,769 proceeds received by the Company in connection with the Warrant Exercise will be used for the early redemption of £857,769 of £1,049,233 worth of 12% interest bearing loan notes created and issued on 16 March 2009.

Following the Warrant Exercise, warrants over 198,332 Ordinary Shares remain outstanding, capable of being exercised at the warrant holders' discretion at the Placing Price up until 16 March 2014.

Secondary sale of existing shares

Whilst meeting with potential investors, the Company and its broker, Panmure Gordon, became aware of certain shareholders wishing to sell some or all of their holdings at the Placing Price, in total amounting to 12,944,954 existing shares (approximately 20% of the current issued share capital). Having identified sufficient demand to allow these shareholders to sell the desired portion of their holdings to buyers other than Invesco, the Company and Panmure Gordon therefore expect that certain secondary market trades in respect of these shares will take place in the period following the announcement of the Placings and complete subject to Admission. Subsequent announcements will be made in accordance with the AIM Rules where the sale or purchase of Shares in the secondary market has given rise to a change in notifiable holdings.

Use of Proceeds

It is expected that the £16.6 million net proceeds of the Placings will be deployed by the Company. The funds will be used for working capital, the clinical development of existing drug candidates from the portfolio, and to meet the costs of new drug discovery projects and their subsequent development expenditure.

Waiver of Rule 9

The Placings gives rise to certain considerations under Rule 9 of the Takeover Code (the "Code").

Under Rule 9 of the Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares already held by him and an interest in shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company which is subject to the Code, that person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights in that company to acquire the balance of their interests in the company.

Rule 9 of the Code also provides that, among other things, where any person who, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30% but not more than 50% of the voting rights of a company which is subject to the Code, and such person, or any person acting in concert with him, acquires an additional interest in shares which increases the percentage of shares carrying voting rights in which he is interested, then such person is normally required to make a general offer to all the holders of any class of equity share capital or other class of transferable securities carrying voting rights of that company to acquire the balance of their interests in the company.

An offer under Rule 9 must be in cash (or with a cash alternative) and at the highest price paid within the preceding 12 months for any shares in the company by the person required to make the offer or any person acting in concert with him.

Following completion of the Placings and the Warrant Exercise, Invesco Asset Management Limited ("Invesco") will have acquired interests in shares carrying approximately 47.7% of the voting rights of the Company which, without a waiver of the obligations under Rule 9 of the Code would oblige Invesco to make a general offer for the Company under Rule 9 of the Code.

Dispensation from General Offer

Under Note 1 on the Notes on the Dispensations from Rule 9 of the Code, the Takeover Panel will normally waive the requirement for a general offer to be made in accordance with

Rule 9 of the Code (a “Rule 9 Offer”) if, inter alia, the shareholders of the company who are independent of the person who would otherwise be required to make an offer and any person acting in concert with him (the “Independent Shareholders”) pass an ordinary resolution on a poll at a general meeting (a “Whitewash Resolution”) approving such a waiver. The Takeover Panel may waive the requirement for a Whitewash Resolution to be considered at a general meeting (and for a circular to be prepared in accordance with Section 4 of Appendix 1 to the Code) if Independent Shareholders holding more than 50% of the company’s shares capable of being voted on such a resolution confirm in writing that they would vote in favour of the Whitewash Resolution were such a resolution to be put to the shareholders of the company at a general meeting.

The Company has obtained such written confirmation from the Independent Shareholders and the Panel has accordingly waived the requirement for a Whitewash Resolution. Accordingly, by voting in favour of the Resolutions to be proposed at the General Meeting, the Placings will be effected without the requirement for the Rule 9 Offeror to make a Rule 9 Offer.

Shareholders should note that, following the Placings, Invesco will not be entitled to increase its interest in the voting rights of the Company without incurring a further obligation under Rule 9 of the City Code to make a general offer (unless a dispensation from this requirement has been obtained from the Panel in advance).

Shareholders should also note that, following completion of the Placings, Invesco will control 47.7% of the voting rights of the Company and that this will increase the percentage of the Ordinary Shares that are not in public hands (as defined in the AIM Rules). This may in turn have the effect of reducing the liquidity of trading in the Ordinary Shares on AIM. Invesco’s stake in the voting rights of the Company will also mean that Invesco will be able, if it so wishes, to exert significant influence over resolutions proposed at future general meetings of the Company. Although it is not the current intention of Invesco to seek a resolution at a general meeting of the Company to de-list the Ordinary Shares from AIM, Invesco could, if it so wishes in the future, propose and exert significant influence over the result of such a resolution.

Independent Shareholders

Independent Shareholders (who together are the beneficial owners of 33,562,896 Ordinary Shares, representing 68.8% of the Company’s current issued share capital carrying voting rights as at the date of this document) have written to the Takeover Panel confirming that they would vote in favour of a Whitewash Resolution were such a resolution to be put to the shareholders of the Company at a general meeting.

General Meeting

A notice convening the General Meeting of the Company to be held at Block B, Holland Park, Holland Drive, Newcastle upon Tyne, NE2 4LZ at 10.00 a.m. on 3 March 2011 will be sent to all shareholders.

The Resolutions to be proposed at the General Meeting are as follows:

Resolution 1 is an ordinary resolution to authorise the Directors to allot the New Shares;
Resolution 2 is a special resolution to disapply pre-emption rights in relation to the issue of the New Shares;

Irrevocable Undertakings

The Company has received irrevocable undertakings to vote in favour of the Resolutions in respect of 51,693,521 Ordinary Shares in aggregate representing 78.1% of the existing

issued share capital of the Company. As the resolutions require a 75% threshold to be passed, the resolutions to approve the Placings are expected to be approved.

Recommendation

The Directors believe that the Placings is in the best interests of the Company and its shareholders. Accordingly, the Directors, recommend that shareholders vote in favour of the resolutions, as they have irrevocably committed to do in respect of their individual holdings amounting in aggregate to 31.7% of the current issued share capital.

Admission to trading on AIM

Application will be made to admit the New Shares to trading on AIM and dealings in the New Shares issued in the First Placing and new shares arising from the Warrant Exercise are expected to commence on 4 March 2011 (the "First Admission") and dealing in the New Shares issued in the Second Placing are expected to commence on 7 March 2011 (the "Second Admission") (together "Admission"). Following Admission of the New Shares and the Warrant Exercise, the number of Ordinary Shares in issue in the Company is expected to be 137,193,547.

Unless otherwise stated, all defined terms used in this announcement bear the same meaning as those defined in the Circular.