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15 June 2011

Dear Optionholder

### **Neuren Pharmaceuticals Limited – Renounceable Rights Issue**

On 15 June 2011 Neuren Pharmaceuticals Limited ("Neuren") announced on ASX Limited a 1 for 1 renounceable rights issue ("Rights Issue") of ordinary shares at A\$0.013 per New Share (or NZ\$0.017 per New Share for New Zealand resident shareholders) would be offered to Australian and New Zealand resident shareholders recorded on the share register on 27 June 2011 ("Record Date"). A copy of this announcement is available on the ASX website [www.asx.com.au](http://www.asx.com.au) or from Neuren's website [www.neurenpharma.com](http://www.neurenpharma.com).

The direct costs of Neuren's current clinical trial and cancer programmes are largely funded by grants and joint venture partners. In early May and June 2011 Neuren completed share placements amounting to A\$2 million to sophisticated and professional investors (the "Placements"). This Rights Issue offer is being made to give eligible shareholders the opportunity to acquire new shares at the same price as the shares issued in those recent placements. The proceeds of the Placements and the Rights Issue will be used to fund corporate overhead and operating costs through 2012 when Neuren expects to have completed the current Phase 2 trials of NNZ-2566 and Motiva®. Proceeds also will be used to expand opportunities for NNZ-2566, Motiva® and other development programmes wherever possible.

Neuren will seek quotation on the ASX of the Rights and the New Shares issued pursuant to the Rights Issue.

The Rights Issue is limited to shareholders' entitlements as at the Record Date. Shareholders wishing to acquire more new shares than their entitlement as at the record date may be able to purchase rights which are expected to trade on ASX from 21 June 2011 to 7 July 2011.

The key information and dates are set out below for your information.

## Summary of Key Information

Type of offer	Renounceable rights issue of approximately 618 million shares to Australian and New Zealand resident shareholders on the Record Date.
Offer price	A\$0.013 (or NZ\$0.017 for New Zealand Resident shareholders)
Offer ratio (Entitlement)	1 New Share for each Existing Share at the Record Date of 27 June 2011
Underwriting	The offer is not underwritten

## Proposed Timetable

Announcement of Rights Issue	15 June 2011
"Ex" Date and start of Rights trading	21 June 2011
Record Date	27 June 2011
Letter of Offer and Investment Statement and Prospectus mailing date	29 June 2011
Rights trading ends	7 July 2011
Offer closes	14 July 2011
Despatch date	22 July 2011

*This timetable is indicative only and may be subject change, subject to the ASX Listing Rules.*

**Under the terms of the options that you currently hold there is no entitlement to participate in the Rights Issue. To be eligible to participate, you will need to exercise your options and ensure you are registered as a shareholder on or before 27 June 2011.**

It should be noted that the exercise of your options is not compulsory. However if you want to participate in the Rights Issue, it will be necessary for you to exercise all or part of your options. If you wish to exercise your options and participate in the Rights Issue please contact the Chief Financial Officer at Neuren on +64 (9) 3700 609 or by email to [enquiries@neurenpharma.com](mailto:enquiries@neurenpharma.com) **on or before** Wednesday, 22 June 2011, as you will need to pay the exercise price and be noted on the share register before the Record Date of 27 June 2011.

Before deciding whether to exercise any or all of your options you should consider the terms of the Rights Issue carefully, and if in any doubt, consult with your professional adviser.

Yours sincerely



Mr Rob Turnbull  
Chief Financial Officer