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20 December 2007

Dear Shareholder

Neuren Pharmaceuticals Limited – Non-renounceable Rights Issue

This letter is to notify you that on 19 December 2007 Neuren Pharmaceuticals Limited ("Neuren") announced on ASX Limited a 1 for 2 non-renounceable rights issue of ordinary shares. You will receive your copy of the Letter of Offer (for Australian resident shareholders) or Investment Statement and Prospectus (for New Zealand resident shareholders) shortly.

The Company has entered into an underwriting agreement with respect to the rights issue whereby Taylor Collison Limited has agreed to underwrite the issue of 50.7 million shares, ensuring that the issue will raise a minimum of \$7.1 million before costs.

The underwritten amount of A\$7.1 million will support Glypromate[®] clinical trial costs and overhead through 2008. The full A\$10.1 million will support completion of the Glypromate[®] Phase 3 trial as well as associated overhead and corporate operating expenses. The Glypromate[®] Phase 3 trial is proceeding to plan.

Neuren has a number of licensing and joint venture initiatives underway both locally and internationally to assist in the funding required to ensure that the Company's pipeline of other lead compounds moves through to the next stage of clinical trials during CY08. The Directors have decided that until such funding is available, the primary focus of the Company will be the completion of the current Phase 3 Glypromate[®] trial.

A shortfall facility has also been included in the Offer for those who wish to subscribe for more than their entitlement.

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

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

Summary of Key Information

Type of offer	Non-renounceable rights issue of approximately 72.4 million shares to Australian or New Zealand resident shareholders on the Record Date.
Offer price	A\$0.14 (or NZ\$0.16 for New Zealand Resident shareholders)
Offer ratio (Entitlement)	1 New Share for every 2 Existing Shares at the Record Date of 2 January 2008
Underwriter and underwriting and management fee	Taylor Collison Limited has agreed to underwrite the Rights Issue to A\$7.1 million for a total underwriting and management fee of A\$425,880

Proposed Timetable

Announcement of Rights Issue	19 December 2007
"Ex" Date	24 December 2007
Record Date	2 January 2008
Letter of Offer and Investment Statement and Prospectus mailing date	8 January 2008
Offer closes	25 January 2008
Despatch date – issue of New Shares	5 February 2008

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

For further information regarding the offer please contact Neuren on 1 800 259 181 (from within Australia) or +64 (9) 529 3940, or by email to enquiries@neurenpharma.com.

Yours sincerely



Mr Rob Turnbull
Chief Financial Officer