

Neuren Pharmaceuticals Ltd Level 2, 57 Wellington Street Freemans Bay, Auckland, New Zealand office: +64 9 3700 200 fax: +64 9 361 7981 enquiries@neurenpharma.com www.neurenpharma.com

29 April 2011

Dear Shareholder

Please find enclosed the notice for the Annual Shareholders' Meeting which we are holding at 12.30 pm on Tuesday 31 May 2011 at the offices of HWL Ebsworth, Level 14, Australia Square, 264-278 George Street, Sydney, Australia. Also enclosed is a notice in lieu of our Annual Report for 2010, an electronic copy of which is available for download from our website. Should you require a hard copy please contact the Company as set out in the notice.

We will also be holding a briefing for New Zealand shareholders who are unable to attend the Annual Shareholders' Meeting in Sydney. This will be held at 10.00am on Tuesday 7 June 2011 at our offices at 57 Wellington Street, Freemans Bay, Auckland. For those who have attended meetings at our offices before, please note that the meeting will be held on the ground floor, rather than in our level 2 offices. Please also note that there will not be any voting on resolutions at this briefing, as this will only take place at the annual meeting in Sydney on 31 May. If you would like to cast your vote on any of the resolutions proposed for the annual meeting, please lodge your proxy in accordance with the instructions contained with the enclosed notice of annual meeting dated 29 April 2011.

If you would like to attend the Annual Shareholders' Meeting in Sydney or the shareholder briefing in Auckland we would be grateful if you could r.s.v.p for catering purposes either by email to **enquiries@neurenpharma.com** or by phoning 1800 259 181 in Australia or (09) 3700 200 in New Zealand.

I look forward to seeing you at the above meetings.

Yours sincerely

Dr Robin Congreve Chairman



29 April 2011

Dear Shareholder

NEUREN ANNUAL REPORT NOTICE UNDER SECTION 209 OF THE COMPANIES ACT 1993

Our Annual Report for the year ended 31 December 2010 is available on the Neuren Pharmaceuticals website at the following link: <u>www.neurenpharma.com</u>

Changes to the New Zealand Companies Act mean that companies are no longer required to mail shareholders printed copies of Annual and Interim Reports on the basis that these can be viewed and obtained electronically from our website noted above. We encourage you to view these reports online as it keeps costs down, delivery to you is faster and it is better for the environment.

The Interim Report for the six months ending 30 June 2011 will be available on our website from around the end of August 2011.

You still have the right to receive, upon request, a printed copy of the Neuren Pharmaceuticals Annual Report and our next Interim Report. If you wish to receive a printed copy of these reports (free of charge), please tick the box below, insert your shareholder number, sign at the bottom of the page, and return this form within 15 working days by mail to Neuren Annual Report, PO Box 9923, Newmarket, Auckland 1149, New Zealand or fax it to +64 9 361 7981. Alternatively, you can scan and email this completed form to enquiries@neurenpharma.com.

If you have previously sent this request to the Company, you will find an Annual Report enclosed and you do not need to send it again. Your previous request will remain effective in future years and you will not need to provide us with further requests, although you will notice that each year we will send a reminder (this notice) to all shareholders of their right to receive hard copies of the Annual and Interim Reports.

The changes to the Companies Act also permit a company to issue a concise Annual Report. The Board has chosen not to prepare such a document for the year ending 31 December 2010.

The Company is required to provide to you details of substantial security holders. Overleaf is a list of all persons who as at 27 April 2011 were recorded as substantial security holders of the Company, along with the recorded details of their holdings and the total number of the Company's listed voting securities at that date.

COMPLETE THIS SECTION		
RECEIVING HARD COPIES OF ANNUAL AND INTERIM REPORTS		
I/We request to receive printed copies of Neuren Pharmaceutical Lim (when available) each year.	ited's Annual and Interim Reports	
Please tick		
ALL SHAREHOLDERS MUST SIGN HERE		
Shareholder number:	Signed:	
Shareholder names:	Signed:	
	Signed: (All joint shareholders must sign)	

Rob Turnbull CFO



Appendix 1

Substantial Security Holders

Set out below is a table of all persons who as at 27 April 2011 were recorded by the Company as substantial security holders along with the recorded details of their holdings. The total number of listed voting securities in the Company as at that date was 443,193,865 all of which are ordinary shares.

<i>Substantial Security Holders</i> who have notified the Company as at 27 April 2011 are:	Number of Ordinary Shares

CNF Investments LLC and associates SpringTree Special Opportunities Fund, LP 23,188,005 Not disclosed



NOTICE OF ANNUAL SHAREHOLDERS' MEETING

Notice is given that the Annual Shareholders' Meeting of Neuren Pharmaceuticals Limited will be held at the offices of HWL Ebsworth, Level 14, Australia Square, 264-278 George Street, Sydney, Australia, on Tuesday 31 May 2011 commencing at 12.30 pm. In accordance with the Constitution, the Board has fixed 21 April 2011 as the date of shareholder entitlement to notice of the Annual Shareholders' Meeting.

BUSINESS

Chairman's address

Chief Executive Officer's review

Annual Report

To receive and consider the annual report of the Company.

Ordinary Resolutions

1. To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That Dr Robin Congreve be re-elected as director of the Company."

2. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That Dr John Holaday be elected as director of the Company."

3. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.1 of the Listing Rules of ASX Limited and for all other purposes, the Company approves and authorises the issue of Convertible Notes up to a maximum value of A\$180,000, and the issue of ordinary shares and options upon the conversion of the Convertible Notes to SpringTree Special Opportunities Fund, LP, on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of Meeting."

4. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14 of the Listing Rules of ASX Limited and for all other purposes, the Company approves and authorises the issue of options under the Share Option Plan to directors on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of Meeting."

5. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That PricewaterhouseCoopers be re-appointed as auditor to:

- (a) hold office from the conclusion of this meeting to the conclusion of the next annual meeting;
- (b) audit the financial statements for the year ending 31 December 2011;

and to authorise the board of directors to fix the auditor's remuneration."



Voting Exclusions

The Company will disregard any votes cast:

- (a) in relation to Resolution 3, by the persons who may participate in the proposed issues and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and their associates;
- (b) in relation to Resolution 4, by a director of the Company and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Each of these resolutions is described in the attached Explanatory Memorandum which forms part of this Notice of Annual Shareholders' Meeting.

By order of the Board

Mr Rob Turnbull CFO Neuren Pharmaceuticals Limited 29 April 2011

EXPLANATORY MEMORANDUM

1. INTRODUCTION

The purpose of this Explanatory Memorandum (which forms part of the Notice of Annual Shareholders' Meeting dated 29 April 2011) ("Meeting" or "Annual Shareholders' Meeting") is to provide shareholders with an explanation of the resolutions to be proposed and considered at the Annual Shareholders' Meeting on 31 May 2011 and to allow shareholders to determine how they wish to vote on these resolutions.

2. ANNUAL REPORT

The Company's Annual Report containing the financial statements for the year ended 31 December 2010 was lodged with the ASX on 31 March 2011 and is available for viewing and download on the Company's website www.neurenpharma.com. Shareholders should note that they will be able to ask questions or discuss matters arising from the financial statements at the Meeting however it is not the purpose of the Meeting that the Annual Report be accepted, rejected or modified in any way.

3. RE-ELECTION OF DIRECTORS (ORDINARY RESOLUTIONS 1 and 2)

The ASX Listing Rules provide that an entity which has directors must hold an election of directors each year. Accordingly Dr Robin Congreve and Dr John Holaday, offer themselves for re-election. Their details are set out on pages 6 and 7 respectively of the Annual Report.

4. APPROVAL OF NEW ISSUE OF SECURITIES TO SPRINGTREE SPECIAL OPPORTUNITIES FUND, LP (ORDINARY RESOLUTION 3)

4.1. General

On 18 November 2009 the Company entered into a Convertible Loan Agreement (the "Agreement") with SpringTree Special Opportunities Fund, LP ("SpringTree") for convertible loan funding of up to A\$6.7 million over two years.

The proceeds from the issue of convertible notes under the Agreement has been and will continue to be used to support Neuren's contribution to the Phase 2 trial of NNZ-2566 in Traumatic Brain Injury and for working capital purposes.

SpringTree is a fund managed by SpringTree Global Investors, LLC, a New York-based asset management company that makes debt and equity investments in public companies around the world.

At a Special Meeting of Shareholders in March 2011 shareholders approved the issue of convertible notes and other securities under the Agreement up until (and including) May 2011. By this Ordinary Resolution 3 the Company seeks shareholder approval to issue to SpringTree under the Agreement convertible notes with an aggregate value of up to A\$180,000 on or about the following dates:

- 22 June 2011;
- 22 July 2011; and
- 22 August 2011.

Each of the convertible notes will be issued on terms as set out in 4.2(e) below.

4.2. Technical Information required by ASX Listing Rule 7.3

In compliance with ASX Listing Rule 7.3, the following information is provided.

a. ASX Listing Rule 7.3.1: Maximum number of securities to be issued pursuant to Ordinary Resolution 3

Three convertible notes with an aggregate principal amount of up to A\$180,000. An indication of the maximum number of securities that could be issued under the convertible note can be obtained if one assumes that the relevant conversion price is A\$0.0128, which was the conversion price for the April 2011 convertible note and represented 85% of the lowest of the daily VWAPs during the term of the convertible note. Based on this assumption, the maximum number of securities that would be issued on conversion of the maximum aggregate amount of all of the convertible notes is 14,062,500 ordinary shares and 14,062,500 options. A lesser number of shares and options would be issued on conversion of the convertible notes if the conversion price was equivalent to 130% of the average of the Volume Weighted Average Prices per share of the Company's ordinary shares quoted on the ASX ("VWAPs") for the twenty (20)

business days immediately prior to the execution date of the Agreement i.e. a conversion price of \$0.04823.

b. ASX Listing Rules 7.3.2 and 7.3.7: Date of issue and allotment of securities

The convertible notes will be issued within three months of the date of this Annual Shareholders' Meeting on or about the following dates:

- 22 June 2011;
- 22 July 2011; and
- 22 August 2011.
- c. ASX Listing Rule 7.3.3: Issue price of securities

The convertible notes will be issued at face value with an aggregate principal amount of up to A\$180,000.

d. ASX Listing Rule 7.3.4: Name of allottees

SpringTree Special Opportunities Fund, LP.

e. ASX Listing Rule 7.3.5: Terms of securities

Each convertible note has the following terms:

- The convertible note does not bear interest and is unsecured;
- The convertible note has a term of 28 days;
- The convertible note, or part thereof, shall convert to new ordinary shares in the Company determined by dividing the principal amount, or part thereof to be converted, by the lesser of:
 - a. 130% of the average of the Volume Weighted Average Prices per share of the Company's ordinary shares quoted on the ASX ("VWAPs") for the twenty (20) business days immediately prior to the execution date of the Agreement; and
 b. 85% of the lowest of the daily VWAPs during the term of the convertible note;
- There is no absolute floor price for the conversion of the convertible note and based on a minimum tradeable share price the theoretical minimum conversion price could be A\$0.00085. However, as noted in clause 4.2(a), the conversion price for the April 2011 convertible note was A\$0.0128 and the conversion price for future convertible notes may be higher or lower than this;
- The convertible note, or part thereof, shall also convert into a number of options in the Company determined as one option for each new ordinary share issued on conversion of the convertible note with an exercise price of 120% of the per share price at which the convertible note converts (as noted above) and have a 48 month term. These options otherwise have the following terms:
 - Each option is exercisable into one new ordinary share;
 - Exercisable at any time prior to expiry;
 - The options do not entitle the option holder to participate in any new issue of ordinary shares by the Company prior to exercise of the options;
 - Any new ordinary shares issued pursuant to the exercise of the options shall have attached to them the same rights, privileges, limitations and conditions as the existing ordinary shares in the Company at the exercise date, except as to rights to any dividend declared prior to the exercise date;
 - Except in the case of a capital reorganisation of the Company, the option holder has no right to a change in the exercise price of the options, or a change in the number of ordinary shares over which the options can be exercised. If between the date of issue of the options and the earlier of their expiry and the date on which all of the options are exercised, all or any of the Company's ordinary shares are subdivided, consolidated, or otherwise reorganised, the number of options held by the option holder at such time shall be reduced or increased (as the case may require) in proportion to such subdivision, consolidation or reorganisation. To the extent necessary the rights of the option holder will be changed at the time of the reorganisation to comply with the ASX Listing Rules applying to the reorganisation of capital.
 - The terms of the options must at all times comply with the ASX Listing Rules. Should there be any inconsistency between the terms of the options and the ASX Listing Rules, then the ASX Listing Rules will prevail.
- The ordinary shares issued upon conversion of the convertible note will rank equally in all
 respects with the then existing ordinary shares on issue;
- The convertible note does not carry any voting rights at meetings of shareholders of the Company, and has no rights of participation in any rights issue undertaken by the Company prior to conversion of the convertible note.

f. ASX Listing Rule 7.3.6: Intended use of the funds raised

The funds raised from the issue of the securities will be used to support Neuren's contribution to the Phase 2 trial of NNZ-2566 in Traumatic Brain Injury and for working capital purposes.

g. ASX Listing Rule 7.3.8: Voting exclusion statement

A voting exclusion statement is included in the Notice accompanying this Explanatory Statement.

4.3. Director's Recommendation

The directors of the Company recommend that shareholders approve this Resolution to approve the issue of securities to SpringTree.

5. APPROVAL OF SHARE OPTION PLAN OPTIONS FOR DIRECTORS (ORDINARY RESOLUTION 4)

5.1. General

In December 2009 the Company sought and obtained approval from shareholders to award within 12 months 20,000,000 options to directors under the Share Option Plan. Despite receiving approval from shareholders no options were awarded to directors in that following 12 months, and the approval expired.

The Company is again seeking approval from shareholders in compliance with ASX Listing Rule 10.14 to issue options to directors under the Share Option Plan on the terms noted in 5.2 below.

5.2. Technical Information required by ASX Listing Rule 10.15A

a. ASX Listing Rule 10.15A.2: Maximum number of securities to be issued to directors pursuant to Resolution 4

The Company's Share Option Plan approved by shareholders in December 2009 provides that the maximum number of options that may be outstanding under the Share Option Plan is equivalent to 15% of the number of ordinary shares on issue at any point in time. By this resolution approval is sought for one-third of this maximum number of options be available for allocation to directors at any point in time. The specific number of options to be allocated to each director has not been determined, however based on the number of options and the number of directors it may be that each director is allocated up to 4,000,000 options each.

b. ASX Listing Rule 10.15A.3: Issue price of securities

The exercise price of each option issued shall be 150% of the average of the Volume Weighted Average Prices per share of the Company's ordinary shares quoted on the ASX ("VWAPs") for the five (5) business days immediately prior to the grant of the option. The options themselves will be issued for \$nil.

c. ASX Listing Rule 10.15A.4: Persons who received options since last approval

Approval of this type was last sought and obtained from shareholders at the December 2009 Special Shareholders' Meeting, however no securities were subsequently issued by the Company under the Share Option Plan to the directors following the approval.

d. ASX Listing Rule 10.15A.5: Persons entitled to participate

The directors at the date of the enclosed Notice of Meeting shall be entitled to participate, namely:

- Dr Robin Congreve;
- Dr Trevor Scott;
- Dr Graeme Howie;
- Dr Doug Wilson; and
- Dr John Holaday.

e. ASX Listing Rule 10.15A.6: Voting exclusion statement

A voting exclusion statement is included in the Notice accompanying this Explanatory Statement.

f. ASX Listing Rule 10.15A.7: Terms of any loan in relation to the share option plan

No loan applies to the grant of options or their exercise.

- g. ASX Listing Rule 10.15A.8: Further terms of approval
 - Details of any options issued pursuant to shareholder approval of this resolution will be published in each annual report of the Company relating to the period in which the options have been issued, and that approval for the issue of those options was obtained under listing rule 10.14.
 - Any director who is appointed after this resolution is approved and who is not named in 5.2(d) above will not participate until approval is obtained under listing rule 10.14.
- h. ASX Listing Rule 10.15A.9: Date of issue of securities

Any issue of the options will be within 3 years of the date of this Annual Shareholders' Meeting.

6. APPOINTMENT OF AUDITOR (ORDINARY RESOLUTION 5)

The New Zealand Companies Act 1993 provides that at each Annual Shareholders' Meeting the Company must appoint an auditor and fix the auditor's remuneration. PricewaterhouseCoopers has consented to it continuing as auditor.

7. HOW TO VOTE

To vote on the resolutions to be put to the meeting follow these steps:

1. Complete the Proxy Form and return it by facsimile or mail (to be received no later than 48 hours before meeting commencement) as directed on the Form.

OR

2. Attend the Meeting.

Persons Entitled to Vote

The persons who will be entitled to vote at the Meeting are those persons (or their proxies or representatives) registered as holding Ordinary Shares on Neuren's share register at 7.00 pm (AEST) on 30 May 2011.

Proxies and Corporate Representatives

Shareholders entitled to attend and vote at the Meeting may appoint a proxy or representative (in the case of a corporate shareholder) to attend and vote on their behalf. A proxy need not be a shareholder of Neuren. Proxy Forms must be received at Neuren's offices, level 2, 57 Wellington Street, Freemans Bay, Auckland or PO Box 9923, Newmarket, Auckland, New Zealand (or facsimile +64 9 361 7981) 48 hours before commencement of the Meeting. The Proxy Form is enclosed with this Notice.

PROXY FORM

ARBN 111 496 130

1 800 259 181

All correspondence to: Neuren Pharmaceuticals Limited PO Box 9923, Newmarket Auckland, New Zealand Facsimile +64 9 361 7981

(outside Australia) +64 9 3700 200 www.neurenpharma.com

Neuren Pharmaceuticals Limited

neuren

pharmaceuticals

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Appointment of Proxy

The Chairman

of the Meeting

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(mark with an "X")

SRN: <SRN>

I/We being member/s of Neuren Pharmaceuticals Limited and entitled to attend and vote hereby appoint

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

Enquiries (within Australia)

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual Shareholders' Meeting of Neuren Pharmaceuticals Limited to be held at the offices of HWL Ebsworth, Level 14, Australia Square, 264-278 George Street, Sydney, Australia on 31 May 2011 at 12.30 pm (AEST) and at any adjournment of that meeting.

If the Chairman is appointed as your proxy, or may be appointed by default, and you do not wish to direct your proxy how to vote in respect of a resolution, please place a mark in the box. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution(s) and that votes cast by the Chairman for those resolutions other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the resolution(s) and your votes will not be counted in calculating the required majority if a poll is called on the resolution(s).

Voting directions to your proxy – please mark

OR

		For	Against	Abstain*
esolution 1	Re-election of Dr Robin Congreve as a Director			
esolution 2	Re-election of Dr John Holaday as a Director			
esolution 3	Approval to issue securities to SpringTree			
esolution 4	Approval of Share Option Plan options to directors			
esolution 5	Reappointment of PricewaterhouseCoopers as auditor			

The Chairman of the Meeting intends to vote undirected proxies in favour of the resolutions.

If you mark the Abstain box you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

Appointing a second Proxy

I/We wish to appoint a second proxy

Mark with an "X" if you wish to State the percentage of your voting rights AND % OR appoint a second proxy. or the number of securities for this Proxy Form. PLEASE SIGN HERE This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented. Individual or Securityholder 1 Securityholder 2 Securityholder 3

Individual/Trustee/Sole Director and Company Secretary

Contact	Name

Contact Daytime Telephone

Director/Trustee

/	/	
Date		

Director/Trustee

Neuren Pharmaceuticals Ltd ARBN 111 496 130

Х to indicate your directions

How to complete the Proxy Form

1 Your Address

This is your address as it appears on the Company's share register. If this information is incorrect, please make the correction on this form and lodge it in accordance with the instructions below.

Please note, you cannot change ownership of your securities using this form.

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the individual or body corporate you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the full name of that individual or body corporate in the space provided. If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the Company. Do not write the name of the Company or the registered securityholder in the space.

3 Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite the resolutions. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any resolution by inserting the percentage or number of securities you wish to vote in the appropriate boxes. If you do not mark any of the boxes on any resolution, your proxy may vote as he or she chooses. If you mark more than one box on any resolution your vote will be invalid.

4 Appointment of a Second Proxy

You may appoint a second proxy to attend the meeting and vote on a poll. If you wish to appoint a second proxy, you may copy this form and complete and lodge the additional Proxy Form.

To appoint a second proxy you must:

- (a) Indicate that you wish to appoint a second proxy by marking the box;
- (b) On each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (c) Return both forms together to the Company in accordance with the lodgement instructions below.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual:	where the holding is in one name, the securityholder must sign.
Joint Holding or Trust:	where the holding is in more than one name or by Trustees of a Trust, all of the securityholders or trustees should sign.
Power of Attorney:	to sign under Power of Attorney, you must have already lodged this document with the Company. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies:	where the company has a Sole Director who is also the Company Secretary (or the company does not have a Company Secretary), this form must be signed by that person. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by the signatory.

6 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the Meeting at 12.30 pm (AEST) on Tuesday, 31 May 2011. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

IN PERSON	Level 2, 57 Wellington Street, Freemans Bay, Auckland, New Zealand
BY MAIL	PO Box 9923, Newmarket, Auckland, New Zealand
BY FACSIMILE	+64 (9) 361 7981