



Neuren Pharmaceuticals Ltd
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15 May 2009

Ms Emma Badhni
Senior Adviser, Issuers (Sydney)
ASX Limited
Level 6, 20 Bridge Street
Sydney NSW 2000

Dear Ms Badhni

Response to Appendix 4C Questions

With reference to your letter dated 13 May 2009 in relation to the Appendix 4C lodged by Neuren Pharmaceuticals Limited (ASX code NEU) ("Neuren" or the "Company") for the first quarter ended 31 March 2009, we advise as follows:

Question 1

As advised, the Company has been in negotiations relating to two of the Company's programmes. On 22 April 2009 the Company announced that it had concluded negotiations related to its preclinical cancer programme, and that the New Zealand-based Breast Cancer Research Trust had committed \$1.18 million in funding to obtain definitive in vivo proof of efficacy for this programme. This is expected to take 12 months at which time Neuren's majority-owned subsidiary, Perseis, will seek additional funding, licensing or co-development agreements to continue development of this programme.

The other negotiations relate to the development of NNZ-2566 through Phase 2 trials and beyond. In this regard new investment is being sought to compliment the previously announced US Army funding. These negotiations are ongoing and have taken longer than indicated in our response to you dated 17 April 2009, however the Company believes that once these negotiations are concluded it will, in conjunction with US Army funding for the NNZ-2566 Phase 2 trial, have funding available more than two quarters of activities.

Question 2

As the Company's compounds are not registered for sale and clinical trials are yet to be completed, the Company expects to continue to incur negative quarterly operating cash flows for the foreseeable future, although at a lower level. The Company expects to fund this through capital raising, out-licensing or co-development as noted above.

Question 3

The Appendix 4C sets out the cash flows of the Company for the quarter rather than its revenues and expenses, and accordingly the quarter's cash flows include expense items from the previous quarter that were subsequently paid in the quarter ended 31 March 2009. This included a number of Glypromate® trial costs which were included in creditors in the 31 December 2008 year end audited financial statements.

As noted in the covering letter to the Appendix 4C, the results presented for the quarter ended 31 March 2009 were consistent with the Company's expectations based on



previously announced business plans. The Company's trial of Glypromate[®] was completed and results announced in December 2008. As the Company has been conducting planning for the NNZ-2566 Phase 2 trial and no other clinical trials have been in progress since the beginning of the year, the Company's level of ongoing operating expenditure has significantly reduced.

Question 4

Not applicable on the basis of the response to question 3 above.

Question 5

The Company believes it has complied with all listing rules, in particular listing rule 3.1.

Question 6

The Company believes it is in compliance with listing rule 12.2.

Yours sincerely

A handwritten signature in black ink, appearing to read "Rob Turnbull", written over a light grey rectangular background.

Mr Rob Turnbull
Chief Financial Officer



13 May 2009

Mr Rob Turnbull
Chief Financial Officer
Neuren Pharmaceuticals Limited
Level 2, 57 Wellington Street
Freemans Bay, Auckland
New Zealand

By Email

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Dear Rob

Neuren Pharmaceuticals Limited (the "Company")

I refer to the Company's Quarterly Report in the form of an Appendix 4C for the period ended 31 March 2009, released to ASX Limited ("ASX") via a Company Announcement on 30 April 2009 (the "Appendix 4C"). ASX notes that the Company has reported the following.

1. Receipts from customers of \$0.
2. Negative net operating cash flows for the quarter of \$960,000
3. Positive cash at end of the quarter of \$698,000.

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may only have sufficient cash to fund its activities for less than 2 quarters. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?
4. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.
5. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
6. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number (02) 9241 7620 or by email at emma.badhni@asx.com.au. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 9.30 am A.E.S.T on Friday, 15 May 2009.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

(sent electronically without signature)

Emma Badhni
Senior Adviser, Issuers (Sydney)