

28 May 2020

Dear Shareholder,

I am pleased to invite you to attend Neuren Pharmaceuticals Limited's Annual Shareholders' Meeting, which will be held as a virtual meeting at 2.30 pm AEST on Monday 29 June 2020. The following documents are enclosed:

- Notice of the Meeting, including Explanatory Memorandum;
- a personalised proxy form; and
- if you have received this by mail, a return envelope and a form to elect to receive shareholder communications electronically.

Instructions on how to attend the meeting online and vote are included in the Explanatory Memorandum.

If you wish to appoint a proxy to attend and vote in your place, please either lodge your proxy form online, following the instructions on the proxy form, or complete the proxy form and return it to the share registry as instructed on the form.

If you have received this by mail and it would have been feasible and practical for you to receive it by e-mail, please can you help us by electing to receive all future Neuren communications by e-mail, which can be done via the share registry website (www.linkmarketservices.com.au), or by returning the enclosed form.

Yours sincerely,



Jon Pilcher
Company Secretary

NOTICE OF ANNUAL SHAREHOLDERS' MEETING

Notice is given that the Annual Shareholders' Meeting of Neuren Pharmaceuticals Limited (**Company** or **Neuren**) will be held on Monday 29 June 2020 commencing at 2.30 pm AEST (**Meeting**). The Meeting will be held online, accessible via: <https://agmlive.link/NEU20>

Instructions on how to attend the Meeting and vote are in the Explanatory Memorandum which forms part of this Notice of Annual Shareholders' Meeting.

In accordance with the Constitution, the Board has fixed the close of Thursday 21 May 2020 as the date of shareholder entitlement to receive notice of the Annual Shareholders' Meeting.

BUSINESS

- A Chairman's address
- B To receive and consider the annual report of the Company
- C Resolutions

Director re-election

1. To consider and, if thought fit, to pass the following **ordinary resolution**:
"That Trevor Scott be re-elected as a director of the Company."

Auditor remuneration

2. To consider and, if thought fit, to pass the following **ordinary resolution**:
"That the board of directors is authorised to fix the auditor's fees and expenses."

Approval of issue of Loan Funded Shares to executives

3. To consider and, if thought fit, to pass the following **ordinary resolution**:
"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given to issue 1,500,000 Loan Funded Shares to Jonathan Pilcher on the terms and conditions set out in the Explanatory Memorandum."
4. To consider and, if thought fit, to pass the following **ordinary resolution**:
"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given to issue 750,000 Loan Funded Shares to James Shaw on the terms and conditions set out in the Explanatory Memorandum."
5. To consider and, if thought fit, to pass the following **ordinary resolution**:
"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given to issue 750,000 Loan Funded Shares to Clive Blower on the terms and conditions set out in the Explanatory Memorandum."

Approval of additional 10% placement capacity

6. To consider and, if thought fit, to pass the following **special resolution**:
"That for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of equity securities totalling up to 10% of the shares on issue, calculated in

accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum.”

Resolutions 1 to 5 are ordinary resolutions and, to be passed, require the approval of a majority of the valid votes cast on the resolution by the shareholders entitled to vote and voting on the resolution. Resolution 6 is a special resolution and, to be passed, requires 75% of votes cast by shareholders entitled to vote and voting to be in favour of the resolution. Each of these Resolutions is described in the Explanatory Memorandum.

The Chair will direct that all resolutions will be conducted by a poll and, where validly appointed as a proxy, intends to vote all undirected proxies in favour of each resolution. The directors unanimously recommend that shareholders vote in favour of all resolutions.

Voting exclusion statements

For each of **Resolutions 3, 4 and 5** the Company will disregard any votes cast in favour of the resolution by or on behalf of:

- a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

For **Resolution 6** the Company will disregard any votes cast in favour of the resolution by or on behalf of:

- any person who is expected to participate in, or who will obtain a material benefit as a result of a proposed issue under Listing Rule 7.1A (except a benefit solely by reason of being a holder of ordinary securities in the entity); or
- an associate of that person or those persons.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or

- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

By order of the Board



Jon Pilcher, Company Secretary
28 May 2020

EXPLANATORY MEMORANDUM

INTRODUCTION

The purpose of this Explanatory Memorandum, which forms part of the Notice of Annual Shareholders' Meeting dated 28 May 2020, is to provide shareholders with an explanation of the Resolutions to be proposed and considered at the Annual Shareholders' Meeting on Monday 29 June 2020 (**Meeting**) and to allow shareholders to determine how they wish to vote on these Resolutions.

HOW TO ATTEND THE VIRTUAL MEETING AND VOTE

The persons who will be entitled to attend and vote at the Meeting are those persons (or their proxies or representatives) registered as holding Ordinary Shares on Neuren's share register at 2.30 pm AEST on Saturday 27 June 2020.

Attending the Meeting

Enter <https://agmlive.link/NEU20> into a web browser on your computer or online device. We recommend logging in to the online platform for the Meeting at least 15 minutes prior to the scheduled start time for the Meeting.

Shareholders will need their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) printed at the top of the Voting Form; and

Proxyholders will need their proxy code which Link Market Services will provide via email no later than 24 hours prior to the Meeting.

Further information on how to participate is set out in the Online Platform Guide, which has been published as an ASX announcement and is available on Neuren's website www.neurenpharma.com.

Asking questions

A discussion will be held on all items to be considered at the Meeting. The Company will endeavour to give all shareholders a reasonable opportunity to ask questions via the virtual Meeting platform, including an opportunity to ask questions of the Company's external auditor.

To ensure that as many shareholders as possible have the opportunity to speak, shareholders are requested to observe the following:

- all shareholder questions should be stated clearly and should be relevant to the business of the Meeting, including matters arising from the Annual Report and general questions about the performance, business or management of the Company;
- if a shareholder has more than one question on an item, all questions should be asked at one time; and
- shareholders should not ask questions at the Meeting regarding personal matters or those that are commercial in confidence.

Voting

Shareholders may vote either by using the online platform (online voting will be open between the commencement of the Meeting and the time at which the Chair announces voting closure), or by appointing a proxy or a representative (in the case of a corporate shareholder).

To appoint a proxy or representative, complete the enclosed Proxy Form and return it to Neuren's share registry, Link Market Services, by facsimile or mail as directed on the Proxy Form, or lodge it on-line at the registry's website (www.linkmarketservices.com.au) in accordance with the instructions given (you will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the

website). Documents received or lodged later than 2.30 pm AEST on Saturday 27 June 2020 will not be valid for the Meeting.

ANNUAL REPORT

The Company is an “e-reporting entity” under the New Zealand Financial Markets Conduct Regulations 2014 (as amended by the Financial Markets Conduct Amendment Regulations 2017) (“Regulations”). In accordance with section 61D of the Regulations, the Company’s annual report for the year ended 31 December 2019 is available for viewing and download from the Company’s website www.neurenpharma.com. The Company’s annual reports for all future accounting periods for which it is an e-reporting entity will be publicly available on that site, as required by regulation 61D. A shareholder may, at any time, request a free copy (as a hard copy or an electronic copy) of the most recent and future annual reports.

The Company’s auditor Grant Thornton will be represented at the Meeting. Shareholders will be able to ask questions or discuss matters arising from the annual report at the Meeting. However, it is not the purpose of the Meeting that the annual report be accepted, rejected or modified in any way.

RESOLUTIONS

1: RE-ELECTION OF TREVOR SCOTT AS A DIRECTOR (ORDINARY RESOLUTION)

Listing Rule 14.5 requires that the Company must hold an election of directors at each annual general meeting. Accordingly Dr Trevor Scott offers himself for re-election at the Meeting.

Trevor chairs Neuren’s Audit Committee and Remuneration Committee. He has been a non-executive director since 2002 and is a significant shareholder with an interest in approximately 4% of Neuren’s shares. Trevor is a finance professional resident in New Zealand. He is the founder of T.D. Scott and Co., an accountancy and consulting firm, which he formed in 1988. He is an experienced advisor to companies across a variety of industries. Trevor serves on numerous corporate boards and is chairman of several.

2: AUDITOR FEES AND EXPENSES (ORDINARY RESOLUTION)

In accordance with section 207S of the New Zealand Companies Act 1993, this resolution seeks authorisation for the board of directors to fix the fees and expenses of the Company’s auditor.

3, 4 AND 5: APPROVAL TO ISSUE LOAN FUNDED SHARES TO JON PILCHER, JAMES SHAW AND CLIVE BLOWER (ORDINARY RESOLUTIONS)

Background

Jon Pilcher and James Shaw joined the Neuren executive team in 2013. Clive Blower joined in 2014. Since then, each has contributed significantly to the development of trofinetide and NNZ-2591 and each is expected to play an important role in Neuren’s future development. In accordance with their offers of employment with Neuren, each was granted Loan Funded Shares as a long term equity incentive following shareholder approval. On 28 May 2014 Jon Pilcher and James Shaw were granted respectively 1 million and 500,000 Loan Funded Shares at \$1.84 per share and on 7 May 2015 Clive Blower was granted 1 million Loan Funded Shares at \$1.64 per share. In each case, on expiry the unquoted Loan Funded Shares were out of the money and therefore were forfeited, despite having been in the money during the term. Under the plan rules, these forfeited shares are to be bought back at the amounts of the loans and cancelled.

This will be done as soon as practicable following the Meeting. No cash or shares will pass from the Company to the participants. A disclosure document under section 62 of the New Zealand Companies Act 1993 regarding this buy back is attached to this Explanatory Memorandum.

Consequently, each of these executives currently has no long term incentive. The Board believes that there should be such an incentive in place in order to increase the alignment of the interests of each executive and shareholders and to incentivise each executive to strive to ensure that the Company performs for the benefit of all its shareholders. Therefore Resolutions 3, 4 and 5 seek approval to issue new Loan Funded Shares, with vesting conditions that are linked to the 3 large future value drivers for the Company noted in the 2019 Annual Report.

Details of the Loan Funded Shares to be issued

The number of Loan Funded Shares to be issued is 1,500,000 to Jon Pilcher (Resolution 3), 750,000 to James Shaw (Resolution 4) and 750,000 to Clive Blower (Resolution 5).

The issue price is A\$1.84 per share, being a premium of 11% over the volume weighted average price for the 5 days prior to 21 May 2020, the date on which the Board resolved to issue the shares subject to shareholder approval.

The Loan Funded Shares will be issued as soon as practicable after the date of the Annual Shareholders' Meeting and in any event no more than 3 months after the meeting.

The Loan Funded Shares will be issued under the Company's Loan Funded Share Plan ("LFSP") Rules. The purchase of the shares will be funded using a loan provided by the Company ("Loan"). The Loan initially will equal the number of Loan Funded Shares issued multiplied by the issue price. The Loan is an interest-free, limited recourse loan in accordance with the loan terms and the LFSP Rules. The Loan Funded Shares shall rank equally with the Company's other issued ordinary shares but will remain in a trust operated by the Company ("Trust") until the Vesting Conditions are met and the Loan repaid, following which the participant shall be free to deal with the issued shares in accordance with the Company's Securities Trading Policy.

Vesting Conditions of Shares

The Loan Funded Shares shall vest where each of the following performance conditions are met:

- i. 40% of the Loan Funded Shares shall vest on acceptance by the US Food and Drug Administration of the filing of a New Drug Application for trofinetide;
- ii. 40% of the Loan Funded Shares shall vest when the Company determines to progress NNZ-2591 to a Phase 2b or Phase 3 clinical trial following a positive Phase 2 clinical trial outcome, or executes a partnering transaction for NNZ-2591;
- iii. 20% of the Loan Funded Shares shall vest when the Company executes a partnering transaction for trofinetide outside North America, or submits a Marketing Authorisation Application for trofinetide in the European Union, the United Kingdom, or Japan.

Each of these Vesting Conditions shall be tested separately from the other Vesting conditions.

Restrictions on Disposal of Shares

The Loan Funded Shares are subject to disposal restrictions, such that the Loan Funded Shares will continue to be held in trust and only transferred to the participant after:

- the Vesting Conditions have been satisfied; and
- any outstanding Loan balance has been repaid.

Forfeiture of Shares

The executive's rights to and interests in any Loan Funded Shares for which the Vesting Conditions have not been satisfied shall be automatically and immediately forfeited (expire) if he ceases to be an employee of the Company, however in exceptional circumstances such as death in service the Board may decide that such Loan Funded Shares are not forfeited.

Change of Control

In the event of a change in control of the Company, control being when a person and their associates (as defined in the New Zealand Takeovers Code) becomes the holder or controller of more than 50% of the ordinary shares of the Company, any unvested Loan Funded Shares shall vest and, if the terms of the Loan are complied with, those Loan Funded Shares can be transferred to the participant.

Source of Shares and enforcement of LFSP Rules

The Loan Funded Shares will be issued to the Trust to be held on behalf of each participant. On satisfaction of the conditions contained in the LFSP, the trustee of the Trust may, at its discretion, transfer the Loan Funded Shares from the Trust to the participant or dispose of the Loan Funded Shares and provide any proceeds of the disposal to him.

The full terms and conditions of the Loan will be detailed in the Loan Agreement between each participant and the Company. The Loan commences on the date that the Loan Funded Shares are issued to the Trust and ends at the earliest of the following:

- five years from the issue date;
- the date the participant ceases to be an employee of the Company;
- the date the Loan Funded Shares are forfeited;
- the date the Board determines any of the Vesting Conditions will not be satisfied; or
- the date, other than above, that the participant and the Company agree to in writing.

The Loan is interest free and limited recourse. Limited recourse means the repayment amount will be the lesser of the outstanding Loan balance and the Market Value of the Shares that are subject to the Loan. If the Shares are of lower value than the Loan balance at the time that the participant is required to repay the Loan, the Shares may be bought-back or disposed of at the discretion of the Company and the proceeds applied in full satisfaction of the Loan obligations.

The Loan must be repaid in full, and the Vesting Conditions satisfied, before the Loan Funded Shares can be transferred to the holder.

If dividends are paid by the Company on the Loan Funded Shares, the Company or the Trust will withhold and remit any applicable taxes including withholding taxes, if any are required to be withheld, and apply the after tax value of the dividends to the repayment of the Loan.

If the Loan period ends, the Company may sell or buy-back some or all of the Loan Funded Shares to satisfy the outstanding Loan balance. The proceeds from any sale or buy-back of the Loan Funded Shares will be applied to repay the outstanding Loan balance and any excess funds after costs and expenses will be remitted to the participant if he is entitled to them.

No funds will be raised until the Loan is repaid, upon which the funds will be used as working capital.

The Company will provide financial assistance to each participant in connection with his acquisition of Loan Funded Shares under the LFSP Rules. Financial assistance will take the form of:

- a. the interest free, limited recourse loan by the Company for the subscription price for the Loan Funded Shares (being A\$2,760,000 to Jon Pilcher, A\$1,380,000 to James Shaw and A\$1,380,000 to Clive Blower); and
- b. payment of the operating costs of the Trust.

New Zealand Companies Act 1993 disclosure

Under section 78 of the New Zealand Companies Act 1993, prior to providing financial assistance to a person to acquire shares, the Company must send a disclosure document to shareholders that complies with section 79. This Explanatory Memorandum is such a disclosure document.

On 21 May 2020, the Board resolved to provide the financial assistance specified above to each participant. The text of the Board resolutions authorising the Company to provide financial assistance pursuant to section 78 of the New Zealand Companies Act 1993 includes as follows:

1. That the Company should provide financial assistance to each of Jon Pilcher, James Shaw and Clive Blower pursuant to the LFSP, such financial assistance to take the form of:
 - an interest free, limited recourse loan to:
 - Jon Pilcher for the amount of A\$2,760,000 to enable him to acquire 1,500,000 Loan Funded Shares under the LSFP;
 - James Shaw for the amount of A\$1,380,000 to enable him to acquire 750,000 Loan Funded Shares under the LSFP;
 - Clive Blower for the amount of A\$1,380,000 to enable him to acquire 750,000 Loan Funded Shares under the LSFP; and
 - payment of the operating costs of the Trust.
2. That giving the financial assistance is in the best interests of the Company and is of benefit to those shareholders not receiving the financial assistance.
3. That the terms and conditions under which the financial assistance is to be given are fair and reasonable to the Company and to those shareholders not receiving the financial assistance.
4. That, immediately after giving the financial assistance, the Company will satisfy the solvency test as defined in sections 4 and 77 of the Companies Act 1993.

The reasons for the Directors' conclusions in the resolutions concerning the giving of financial assistance in respect of the LFSP are:

- giving the assistance is in the best interests of the Company, and is of benefit to those shareholders not receiving the financial assistance, because it increases the alignment of the interests of each executive and shareholders and rewards each executive for the creation of shareholder wealth, and, therefore creates incentives for each executive to strive to ensure that the Company performs for the benefit of all its shareholders;
- the terms and conditions are fair and reasonable to the Company and to those shareholders not receiving the assistance because the costs of providing the financial assistance are relatively small and are outweighed by the benefit of the alignment of interest that is achieved under the LFSP;
- the vesting conditions of the Loan Funded Shares are intended to encourage each executive to achieve the outcomes embodied in those vesting conditions; and

- in the opinion of the directors, the provision of financial assistance under schemes of this kind is consistent with market practice in the area of executive incentive schemes currently operated in New Zealand and Australia.

6: APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY UNDER LISTING RULE 7.1A (SPECIAL RESOLUTION)

Under Listing Rule 7.1, every listed entity has the ability to issue 15% of its issued capital without shareholder approval in a 12-month period. Listing Rule 7.1A permits eligible small and mid-cap ASX-listed entities, subject to shareholder approval, to issue equity securities of up to an additional 10% of their issued capital over a period up to 12 months (**10% Placement Capacity**), in addition to their ability to issue equity securities under ASX Listing Rule 7.1. The Company has not previously received approval under Listing Rule 7.1A.

If shareholders approve this resolution, the number of equity securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (as set out below). The effect of this resolution will be to allow the Company to issue equity securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Annual Shareholders' Meeting, without subsequent shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

At least 75% of votes cast by shareholders entitled to vote and voting must be in favour of this resolution in order for it to be passed.

Listing Rule 7.1A

Listing Rule 7.1A enables an eligible entity to seek shareholder approval at its annual general meeting to issue equity securities in addition to those under the eligible entity's 15% annual placement capacity. An eligible entity is one that, as at the date of the relevant annual general meeting: (a) is not included in the S&P/ASX 300 Index; and (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of A\$300m. The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and at the date of this Notice has a current market capitalisation of less than \$300m. The equity securities must be in the same class as an existing class of quoted equity securities. The Company currently has one class of quoted equity securities, being fully paid ordinary shares with equal voting rights (ASX Code: NEU). The exact number of equity securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

A is the number of Shares on issue 12 months before the date of issue or agreement: (a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2; (b) plus the number of partly paid shares that became fully paid in the 12 months; (c) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval; (d) less the number of fully paid shares cancelled in the 12 months. Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of equity securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of Shareholders under Listing Rule 7.1 or 7.4.

Technical information required by Listing Rule 7.1A

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this resolution:

a) Minimum Price

The minimum price at which the equity securities may be issued is 75% of the volume weighted average price of equity securities in that class, calculated over the 15 ASX Trading Days on which trades in that class were recorded immediately before: (i) the date on which the price at which the equity securities are to be issued is agreed; or (ii) if the equity securities are not issued within 5 ASX Trading Days of the date in paragraph (a)(i) above, the date on which the equity securities are issued.

b) Date of Issue

The equity securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following: (i) 12 months after the date of the Meeting; and (ii) the date of approval by shareholders of any transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking); or such longer period if allowed by ASX (10% Placement Capacity Period). Shareholder approval under Listing Rule 7.1A does not lapse if the Company's market capitalisation subsequently exceeds \$300 million or if it is included in the S&P/ASX 300 Index at some time during that period provided that the Company meets those criteria on the date of the Meeting.

c) Permitted reasons for issue and allocation policy

The Company may seek to issue the equity securities for cash consideration, the proceeds of which will be applied to fund the Company's existing and future activities, appraisal of corporate opportunities, investment in new businesses (if any), the costs incurred in undertaking placement(s) of shares under ASX Listing Rule 7.1.A and for general working capital.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any equity securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Capacity. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to factors such as:

- (i) fund raising options (and their viability) available to the Company at the relevant time;
- (ii) the effect of the issue of the equity securities on the control of the Company;
- (iii) the financial situation of the Company and the urgency of the requirement for funds; and
- (iv) advice from the Company's corporate, financial, legal and broking advisers.

Allottees under the 10% Placement Capacity have not been determined as at the date of this Notice. It is intended that any allottees will be suitable professional and sophisticated investors, and other investors not requiring a disclosure document under section 708 of the Corporations Act, that are known to the Company and/or introduced by third parties.

d) Risk of voting dilution

Any issue of equity securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any shares under the issue. If this resolution is approved by Shareholders and the Company issues the maximum number of equity securities available under the 10% Placement Capacity, the economic and voting dilution of existing shares would be as shown in the table below. The table shows the dilution of existing shareholders calculated in accordance with the formula outlined in Listing

Rule 7.1A.2, on the basis of the number of equity securities the Company will have on issue as at the date of the Meeting. The voting dilution impact is shown where the number of shares on issue (variable A in the formula) changes and the economic dilution is shown where there are changes in the issue price of shares issued under the 10% Placement Capacity. The table includes:

- i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company will have on issue at the date of the Meeting. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against a market price of \$1.50.

VARIABLE 'A'		Dilution		
		50% decrease in issue price \$0.75	Issue price \$1.50	100% increase in issue price \$3.00
Current Variable 'A' (shares) 100,168,413	10% voting dilution	10,016,841	10,016,841	10,016,841
		shares	shares	shares
	Funds raised	\$7,512,631	\$15,025,262	\$30,050,523
50% increase in current Variable 'A' (shares) 150,252,620	10% voting dilution	15,025,262	15,025,262	15,025,262
		shares	shares	shares
	Funds raised	\$11,268,947	\$22,537,893	\$45,075,786
100% increase in current Variable 'A' (shares) 200,336,826	10% voting dilution	20,033,683	20,033,683	20,033,683
		shares	shares	shares
	Funds raised	\$15,025,262	\$30,050,525	\$60,101,049

**DISCLOSURE DOCUMENT UNDER SECTION 62 OF THE NEW ZEALAND COMPANIES ACT 1993 (“ACT”)
REGARDING AN OFFER BY THE COMPANY TO ACQUIRE ITS OWN SHARES UNDER SECTION 61**

(a) Nature and terms of the offer

Neuren Pharmaceuticals Limited (the “Company”) operates a Loan Funded Share Plan (the “Plan”) in order to provide long term incentives that align the interests of key executives with shareholders. It provides similar economic benefits to a conventional share option, but in a more tax efficient manner for Australian residents.

On 28 May 2014, following approval by shareholders at the Annual Meeting of Shareholders on 30 April 2014, 1 million ordinary shares and 500,000 ordinary shares were issued to Neuren Trustee Limited under the Plan to be held in trust for Jon Pilcher and James Shaw respectively. In accordance with the rules of the Plan, the issue was funded by limited recourse loans from the Company of A\$1,840,000 to Jon Pilcher and A\$920,000 to James Shaw. On 7 May 2015, following approval by shareholders at the Annual Meeting of Shareholders on 28 April 2015, 1 million ordinary shares were issued to Neuren Trustee Limited under the Plan to be held in trust for Clive Blower. In accordance with the rules of the Plan, the issue was funded by a limited recourse loan from the Company of A\$1,640,000 to Clive Blower. The shares were to be held in trust until certain vesting conditions were met and the loan was repaid, upon which the shares would be transferred to the participant. The maximum term of each loan was 5 years. In each case the loan term expired with the value of the shares being less than the loan (“out of the money”), which meant that the shares were forfeited by the participants. The forfeited shares held by Neuren Trustee Limited are not quoted on ASX.

Under the rules of the Plan, shares that are forfeited shall be sold or bought back by the Company at a value equal to the outstanding loan balance. Therefore the Company will offer to buy back from Neuren Trustee Limited 1.5 million shares for A\$2.76 million and 1 million shares for A\$1.64 million (the “Offer”). Following completion of the Offer, the shares bought back will be cancelled and the outstanding loans will be settled. The participants will receive no cash or shares from the Company.

(b) Directors’ resolution required by section 61 of the Act

On 21 May 2020 the board of directors resolved:

“That the acquisition of the shares under the Offer is of benefit to the remaining shareholders and that the terms of the Offer and the consideration offered for the shares are fair and reasonable to the remaining shareholders. The reasons for these conclusions are:

1. The Offer is in accordance with the Plan rules and with the terms and conditions that were approved by shareholders.
2. The participants will receive no shares or cash from the Company.
3. The Offer will lead to a reduction in the total number of issued shares.



pharmaceuticals

Neuren Pharmaceuticals Limited

ARBN 111 496 130

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Neuren Pharmaceuticals Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: +61 1300 554 474



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PROXY FORM

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

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name and email of the person or body corporate you are appointing as your proxy

Name

Email

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **2:30pm (AEST) on Monday, 29 June 2020 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Meeting will be conducted as a virtual meeting and you can participate by logging in: Online at <https://agmlive.link/NEU20> (refer to details in the Virtual Annual General Meeting Online Guide and Notice of Meeting).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Re-election of Trevor Scott as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval to issue loan funded shares to Clive Blower	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Authorisation to fix auditor fees and expenses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of additional 10% placement capacity under listing rule 7.1a	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval to issue loan funded shares to Jon Pilcher	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
4 Approval to issue loan funded shares to James Shaw	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

i * If you mark the Abstain box for a particular Item, 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.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the Corporations Act 2001 (Cth).

NEU PRX2001N



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name email address of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares 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
- (b) return both forms together.

SIGNING INSTRUCTIONS

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

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. 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 Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:30pm (AEST) on Saturday, 27 June 2020**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" - Securityholder Reference Number (SRN) or Holder Identification Number (HIN).



BY MAIL

Neuren Pharmaceuticals Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)