



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

27 April 2012

Dear Shareholder

Please find enclosed the notice for the Annual Shareholders' Meeting which we are holding at 12:30 pm (AEST) on Thursday 31 May 2012 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 2011, an electronic copy of which is available for download from our website. If you have previously elected to receive a mailed copy of our Annual Report this is enclosed.

Dr Graeme Howie retires by rotation at the Annual Shareholders' Meeting and is not offering himself for re-election. Graeme has been a Director of Neuren since February 2005 and has made a significant contribution to the affairs of the Company, particularly in overseeing the changes required by the move from science-based research to the complexities of drug manufacture and clinical trials. We wish Graeme well for life after Neuren and thank him for his commitment as a Board member.

If you would like to attend the Annual Shareholders' Meeting in Sydney 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 meeting.

Yours sincerely

A handwritten signature in black ink, appearing to read "Robin Congreve".

Dr Robin Congreve
Chairman



27 April 2012

Dear Shareholder

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

Our Annual Report for the year ended 31 December 2011 is available on the Neuren Pharmaceuticals website at the following link: www.neurenpharma.com

Under the New Zealand Companies Act 1993 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 2012 will be available on our website from around the end of August 2012.

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 as long as you remain a shareholder 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 Companies Act also permits a company to issue a concise Annual Report. The Board has chosen not to prepare such a document for the year ending 31 December 2011.

The Company is required to provide to you details of substantial security holders. Overleaf is a list of all persons who as at 24 April 2012 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 Limited's Annual and Interim Reports (when available) each year.	
Please tick	<input type="checkbox"/>
ALL SHAREHOLDERS MUST SIGN HERE	
Shareholder number (SRN/HIN):	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 24 April 2012 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 1,155,864,425 all of which are ordinary shares.

Substantial Security Holders who have notified the Company as at 24 April 2012 are:	Number of Ordinary Shares
Langley Alexander Walker (through Auckland Trust Company Limited in its capacity as trustee)	228,322,986
National Nominees Ltd ACF Australian Ethical Smaller Companies Trust	68,716,436



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NOTICE OF ANNUAL SHAREHOLDERS' MEETING

Notice is given that the Annual Shareholders' Meeting of Neuren Pharmaceuticals Limited (**Company** or **Neuren**) will be held at the offices of HWL Ebsworth, Level 14, Australia Square, 264-278 George Street, Sydney, Australia, on Thursday 31 May 2012 commencing at 12:30 pm (AEST). In accordance with the Constitution, the Board has fixed 23 April 2012 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 Doug Wilson 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 Mr Bruce Hancox be re-elected as director of the Company."

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

"That Mr Larry Glass be elected as a director, and appointed Managing Director, of the Company."

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 the inclusion of Mr Bruce Hancox in the Share Option Plan and authorises the issue of options under the Share Option Plan to him 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 for the purpose of ASX Listing Rule 7.2, exception 9, and for all other purposes, approval be given to the Company to issue options under the Share Option Plan on the terms and conditions outlined in the Explanatory Memorandum accompanying this Notice of Meeting."

6. 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 2012;

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



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Voting Exclusions

The Company will disregard any votes cast in relation to Resolution 4 and Resolution 5, 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

A handwritten signature in black ink, appearing to read "Rob Turnbull", written over a horizontal line.

Mr Rob Turnbull
CFO
Neuren Pharmaceuticals Limited
27 April 2012

EXPLANATORY MEMORANDUM

1. INTRODUCTION

The purpose of this Explanatory Memorandum (which forms part of the Notice of Annual Shareholders' Meeting dated 27 April 2012) ("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 2012 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 2011 was lodged with the ASX on 30 March 2012 and is available for viewing and download from 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. ELECTION OF DIRECTORS (ORDINARY RESOLUTIONS 1, 2 and 3)

The ASX Listing Rules provide that an entity which has directors must hold an election of directors each year. Accordingly Dr Doug Wilson and Mr Bruce Hancox offer themselves for re-election. Their details are set out on pages 6 and 7 respectively of the Annual Report.

Mr Larry Glass is presently the Chief Executive Officer of the Company and the Board of Directors has invited him to join them as Managing Director, with shareholder approval. Mr Glass will also continue in his role as Chief Executive Officer. Mr Glass joined Neuren in early 2004 as the Executive Vice President, USA. He is a seasoned manager with more than 30 years in the life sciences industry. Before he joined Neuren, he worked as an independent consultant for a number of biotech companies in the US and internationally providing management, strategic and business development services. Prior to that, he was CEO of a contract research organisation that provided preclinical research and clinical trials support for major pharmaceutical and biotechnology companies and the US government. For a number of years, the CRO operated as a subsidiary of a NYSE-listed company and was subsequently sold to a European biopharmaceutical enterprise which was then acquired by Johnson & Johnson. Since joining Neuren, Mr Glass has led business development activities in the US and Europe and established operations in the US.

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

4.1. General

In May 2011 the Company sought and obtained approval from shareholders to award options to directors at that time under the Share Option Plan.

In October 2011 the Company issued options pursuant to that authorisation by shareholders. Mr Bruce Hancox was subsequently appointed as a director in March 2012, and under ASX Listing Rules is not eligible to be awarded options under the previous shareholder approval.

Accordingly, the Company is seeking approval from shareholders in compliance with ASX Listing Rule 10.14 for Mr Bruce Hancox to be eligible to participate in any issue of options to directors under the Share Option Plan on the terms noted in 4.2 below.

4.2. 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, and in May 2011 shareholders approved the allocation of up to one-third of the 15% pool to directors. No

change to this allocation is proposed by this resolution, and shareholders are being asked to confirm the allocation and approve the inclusion of Mr Bruce Hancox in any allocation.

Currently, 55,000,000 options have been and are on issue pursuant to previous shareholder approvals. Accordingly a maximum of 2,793,221 further options could be issued on the basis of the Company's number of currently outstanding ordinary shares of 1,155,864,425.

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

Since the last approval by shareholders in May 2011 the Company has issued the following numbers of options to the directors noted:

	Options
Dr R L Congreve	20,000,000
Dr T D Scott	20,000,000
Dr J D Wilson	5,000,000
Dr G B Howie	5,000,000
Dr J Holaday	5,000,000

Each option issued above has an exercise price of A\$0.0377, expires on 26 October 2016 and was issued for \$nil.

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

Subject to the passing of ordinary resolutions 1 and 2, the following directors shall be entitled to participate:

- Dr Robin Congreve (based on shareholder approval given in May 2011);
- Dr Trevor Scott (based on shareholder approval given in May 2011);
- Dr Doug Wilson (based on shareholder approval given in May 2011);
- Dr John Holaday (based on shareholder approval given in May 2011); and
- Mr Bruce Hancox (assuming the passing of this Resolution 4).

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 ASX Listing Rule 10.14.
- Any director who is appointed after this resolution is approved and who is not named in paragraph 4.2(d) above will not participate until approval is obtained under ASX 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.

5. APPROVAL OF SHARE OPTION PLAN (ORDINARY RESOLUTION 5)

5.1. Background

The approval of shareholders is sought for the continued operation of the Company's existing Share Option Plan pursuant to the provisions of ASX Listing Rule 7.2 Exception 9. The Share Option Plan was established in March 2004, and last approved by shareholders in December 2009. Currently, 138,000,000 options are outstanding under the Share Option Plan with exercise prices ranging from A\$0.013 to A\$0.377.

The following options have been issued under the Employee Share Option plan since its last approval by shareholders:

- 26,000,000 options with an exercise price of A\$0.03, expiring 25 March 2015
- 57,000,000 options with an exercise price of A\$0.013, expiring 26 October 2016
- 55,000,000 options with an exercise price of A\$0.0377, expiring 26 October 2016

It is necessary for shareholders to approve the Share Option Plan every three years in order to ensure that securities issued under the Share Option Plan are issued as an exception to ASX Listing Rule 7.1 pursuant to Listing Rule 7.2, Exception 9. Broadly speaking, Listing Rule 7.1 prevents a listed company from issuing securities in excess of 15% of its issued capital at any point in time unless shareholders approve.

Listing Rule 7.2 Exception 9 exempts securities issued under an employee incentive plan being counted for the purposes of Listing Rule 7.1. Approval of this resolution means that the Company will be able to issue up to 15% of its issued capital without shareholder approval in addition to securities issued under the Share Option Plan.

The following is a summary of the terms of the Share Option Plan:

- Under the Share Option Plan, options may be offered to Participants by the Remuneration and Audit Committee.
- 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.
- One-third of the maximum number of options that may be outstanding may be issued to directors, provided that any issue of options to a director also requires shareholder approval pursuant to ASX Listing Rule 10.14 before the options may be issued.
- No payment is required for the grant of options under the Share Option Plan.
- Subject to any adjustments referred to below, each option is an option to subscribe for one ordinary share.
- Upon the exercise of an option by a Participant, each ordinary share issued will rank equally with other ordinary shares of the Company.
- Options issued under the Share Option Plan may not be transferred unless the Remuneration and Audit Committee determines otherwise.
- The options are not quoted on the ASX.
- 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;
- Subject to the Listing Rules, if between the issue date and the exercise date in respect of any Option:
 - (a) the Company makes or announces any bonus issue of ordinary shares or other securities, or makes or announces any rights issue, or other offer to holders of ordinary shares to take up ordinary shares or other securities;
 - (b) any consolidation or subdivision of ordinary shares, share buyback, amalgamation, or other reconstruction of or adjustment to the ordinary shares or the share structure of the Company, of any nature whatsoever, occurs or is announced; or
 - (c) any offer is made for the acquisition of ordinary shares;the Company may make such arrangements, or alterations to the terms of options as are necessary to ensure that so far as possible after the occurrence of the event referred to in paragraphs (a), (b) or (c) above, Participants and the Company are left in the same overall

economic position as if that event had not occurred. Such arrangements or alterations may without limitation include adjustments to the number of ordinary shares to be issued upon exercise of options, permitting Participants to exercise options earlier than would otherwise have been the case, or arranging for Participants to participate in any offer or issue of securities made by the Company. No such arrangement or alteration shall be made if that arrangement or alteration would cause a breach of the Listing Rules.

- To the extent necessary the rights of the option holder will be changed at the time of a reorganisation to comply with the ASX Listing Rules applying to the reorganisation of capital.
- The vesting period, exercise price, and expiry date are determined by the Remuneration and Audit Committee at the time of offer of the options.
- Each option shall lapse and cease to be available for exercise where the Participant who is the holder of that option ceases to be an employee or consultant, provided that the Company may, subject to such conditions as it sees fit, determine that options held by a Participant who has:
 - (a) ceased to be an employee or consultant by reason of injury, ill health, redundancy, retirement or otherwise shall not lapse;
 - (b) died shall not lapse and may be transferred to a personal representative of that Participant.

6. APPOINTMENT OF AUDITOR (ORDINARY RESOLUTION 6)

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 Proxy 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 2012.

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, 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.

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 Thursday, 31 May 2012. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged:

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