

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Neuren Pharmaceuticals Limited

ABN

111 496 130

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Convertible Note |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | A\$100,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <ul style="list-style-type: none">▪ The Principal Amount of the Note is A\$100,000;▪ The Note does not bear interest and is unsecured;▪ The Maturity Date is 21 June 2010;▪ On maturity the Note 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:<ul style="list-style-type: none">i. 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 18 November 2009; andii. 85% of the lowest of the VWAPs during the term of the Note;▪ The ordinary shares issued upon conversion of the Note will rank equally in all respects with the then existing ordinary shares on issue;▪ On maturity the Note shall also convert into a number of options in the Company determined as |

+ See chapter 19 for defined terms.

	<p>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 principal terms:</p> <ul style="list-style-type: none"> • 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; • 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. <p>▪ The Notes do not carry any voting rights at meetings of shareholders of Neuren, and have no rights of participation in any rights issue undertaken by Neuren prior to conversion of the Notes.</p>
<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>No</p> <p>On conversion of the notes, the acquired Ordinary Shares will rank equally with existing Ordinary Shares.</p>
<p>5 Issue price or consideration</p>	<p>A\$100,000 cash</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Clinical trial costs, research and development, and working capital.</p>

+ See chapter 19 for defined terms.

7	Dates of entering +securities into uncertificated holdings or despatch of certificates	27 May 2010																											
8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="667 448 912 481">Number</th> <th data-bbox="917 448 1375 481">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="667 481 912 683">378,371,833</td> <td data-bbox="917 481 1375 683">Ordinary Shares</td> </tr> </tbody> </table>	Number	+Class	378,371,833	Ordinary Shares																							
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378,371,833	Ordinary Shares																												
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="667 705 912 739">Number</th> <th data-bbox="917 705 1375 739">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="667 739 912 817">750,000</td> <td data-bbox="917 739 1375 817">Ordinary Share Options exercisable at A\$0.15 before 1 October 2010</td> </tr> <tr> <td data-bbox="667 817 912 896">3,000,000</td> <td data-bbox="917 817 1375 896">Ordinary Share Options exercisable at A\$0.25 before 7 February 2011</td> </tr> <tr> <td data-bbox="667 896 912 974">20,000,000</td> <td data-bbox="917 896 1375 974">Ordinary Share Options exercisable at A\$0.0445 before 18 November 2013</td> </tr> <tr> <td data-bbox="667 974 912 1052">4,629,630</td> <td data-bbox="917 974 1375 1052">Ordinary Share Options exercisable at A\$0.0389 before 4 December 2013</td> </tr> <tr> <td data-bbox="667 1052 912 1131">40,306,174</td> <td data-bbox="917 1052 1375 1131">Ordinary Share Options exercisable at A\$0.0457 before 23 December 2013</td> </tr> <tr> <td data-bbox="667 1131 912 1209">14,234,876</td> <td data-bbox="917 1131 1375 1209">Ordinary Share Options exercisable at A\$0.0337 before 17 February 2014</td> </tr> <tr> <td data-bbox="667 1209 912 1288">3,597,122</td> <td data-bbox="917 1209 1375 1288">Ordinary Share Options exercisable at A\$0.0334 before 22 March 2014</td> </tr> <tr> <td data-bbox="667 1288 912 1366">26,000,000</td> <td data-bbox="917 1288 1375 1366">Ordinary Share Options exercisable at A\$0.03 before 25 March 2015</td> </tr> <tr> <td data-bbox="667 1366 912 1444">3,787,879</td> <td data-bbox="917 1366 1375 1444">Ordinary Share Options exercisable at A\$0.0317 before 21 April 2014</td> </tr> <tr> <td data-bbox="667 1444 912 1523">4,504,505</td> <td data-bbox="917 1444 1375 1523">Ordinary Share Options exercisable at A\$0.0266 before 21 May 2014</td> </tr> <tr> <td data-bbox="667 1523 912 1601">A\$100,000</td> <td data-bbox="917 1523 1375 1601">Convertible note maturing 21 June 2010</td> </tr> <tr> <td data-bbox="667 1601 912 1680">A\$400,000</td> <td data-bbox="917 1601 1375 1680">Convertible note maturing 18 November 2011</td> </tr> </tbody> </table>	Number	+Class	750,000	Ordinary Share Options exercisable at A\$0.15 before 1 October 2010	3,000,000	Ordinary Share Options exercisable at A\$0.25 before 7 February 2011	20,000,000	Ordinary Share Options exercisable at A\$0.0445 before 18 November 2013	4,629,630	Ordinary Share Options exercisable at A\$0.0389 before 4 December 2013	40,306,174	Ordinary Share Options exercisable at A\$0.0457 before 23 December 2013	14,234,876	Ordinary Share Options exercisable at A\$0.0337 before 17 February 2014	3,597,122	Ordinary Share Options exercisable at A\$0.0334 before 22 March 2014	26,000,000	Ordinary Share Options exercisable at A\$0.03 before 25 March 2015	3,787,879	Ordinary Share Options exercisable at A\$0.0317 before 21 April 2014	4,504,505	Ordinary Share Options exercisable at A\$0.0266 before 21 May 2014	A\$100,000	Convertible note maturing 21 June 2010	A\$400,000	Convertible note maturing 18 November 2011	
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10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not applicable																											

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Part 2 - Bonus issue or pro rata issue

- | | | |
|----|---|----------------|
| 11 | Is security holder approval required? | Not applicable |
| 12 | Is the issue renounceable or non-renounceable? | Not applicable |
| 13 | Ratio in which the +securities will be offered | Not applicable |
| 14 | +Class of +securities to which the offer relates | Not applicable |
| 15 | +Record date to determine entitlements | Not applicable |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | Not applicable |
| 17 | Policy for deciding entitlements in relation to fractions | Not applicable |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | Not applicable |
| 19 | Closing date for receipt of acceptances or renunciations | Not applicable |
| 20 | Names of any underwriters | Not applicable |
| 21 | Amount of any underwriting fee or commission | Not applicable |
| 22 | Names of any brokers to the issue | Not applicable |
| 23 | Fee or commission payable to the broker to the issue | Not applicable |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders | Not applicable |

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25	If the issue is contingent on +security holders' approval, the date of the meeting	Not applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Not applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not applicable
28	Date rights trading will begin (if applicable)	Not applicable
29	Date rights trading will end (if applicable)	Not applicable
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Not applicable
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not applicable
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	Not applicable
33	+Despatch date	Not applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought

Not applicable

- 39 Class of +securities for which quotation is sought

Not applicable

- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:
 - the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Not applicable

+ See chapter 19 for defined terms.

<p>41 Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	<p>Not applicable</p>					
<p>42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)</p>	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;">Not applicable</td> </tr> </tbody> </table>	Number	+Class	Not applicable		
Number	+Class					
Not applicable						

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

+ See chapter 19 for defined terms.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: 27 May 2010
Chief Financial Officer

Print name: Mr Rob Turnbull

+ See chapter 19 for defined terms.