

NEUREN PHARMACEUTICALS LIMITED

SHARE OPTION PLAN

1. THE PLAN

1.1 The name of the plan is the "Share Option Plan" ("**Plan**").

1.2 The purpose of the Plan is to further the success of Neuren Pharmaceuticals Limited (formerly EndocrinZ Limited) ("Neuren" or "the Company") by attracting and retaining key staff, to align the interests of management with those of the shareholders and to provide to those participants, incentives and rewards reflecting their performance as part of the overall success of the Company.

2. INTERPRETATION

2.1 In this Plan unless the context otherwise requires:

"**Board**" means the board of directors of the Company.

"**Business Day**" means a day on which banks are open for business in Auckland.

"**Consultant**" means a consultant (or former consultant) to the Company.

"**Employee**" means an employee (or former employee) of the Company and "**Employed**" and

"**Employment**" shall have like meanings;

"**Exercise Date**" means in respect of an Option the date on which the Company receives an Exercise Notice.

"**Exercise Notice**" means in respect of an Option a notice given in writing by the Participant to the Company of their intention to exercise that Option.

"**Exercise Price**" means, in respect of each Option, the exercise price specified in the offer of such Options.

"**Option**" means an option granted to an Employee or Consultant to subscribe for a Share pursuant to the Plan.

"**Participant**" means the holder of an Option.

"**Plan**" means this Share Option Plan.

"**Remuneration and Audit Committee**" means a remuneration and audit committee appointed by the Board.

"**Share**" means a fully paid ordinary share of the Company.

2.2 In this document:

- (a) Words importing one gender include the other genders.
- (b) The singular includes the plural and vice versa.
- (c) References to a month or year are references to a calendar month or year, as the case may be.
- (d) Headings are for convenience only and shall not affect interpretation.

3. COMMITTEE

- 3.1 The Remuneration and Audit Committee shall be appointed by the Board to administer the Plan.
- 3.2 The Remuneration and Audit Committee shall administer all aspects of the Plan in accordance with the policy approved by the Board. Any matter to be determined by the Remuneration and Audit Committee shall be determined as it sees fit in its absolute discretion. The decision of the Remuneration and Audit Committee shall be final and binding upon all Participants and the Company. No Participant shall in any circumstances whatsoever make any claim, or be entitled to any remedy of any nature, against the Remuneration and Audit Committee or any member of the Remuneration and Audit Committee in respect of anything done or omitted to be done by the Remuneration and Audit Committee or any member.

4. OFFERS

- 4.1 The Remuneration and Audit Committee may at any time offer Options to any Employee or Consultant. The maximum number of Options to be offered is 14,139,627 Options. The Remuneration and Audit Committee will determine at its discretion the Employees or Consultants to whom Options are to be offered, the number of Options offered to each Employee or Consultant, and the terms of any offer.
- 4.2 A Participant who wishes to accept an offer of Options must complete the application form accompanying the offer and return it to the Company within the time specified in the offer.
- 4.3 In accepting an offer of Options, each Participant will be deemed to acknowledge that:
 - (a) they are bound by the terms of the Plan;
 - (b) participation in the Plan does not affect the terms of a Participant's employment or consultancy, and that in no event will the Company be deemed, by offering or issuing Options, to have represented that any association will continue for any particular period.

5. ISSUE OF OPTIONS

- 5.1 The Company shall issue the Options forthwith after receiving an application form from a Participant in accordance with clause 4.2.
- 5.2 No Option shall be issued in the circumstances outlined below, provided that this clause shall not apply to the extent that it is inconsistent with the employment contract of the Employee;
- (a) to a person who is not an Employee or Consultant; or
 - (b) if the issue of that Option would cause a breach of the constitution of the Company, or the listing rules of any recognised stock exchange on which the Shares of the Company are quoted.
- 5.3 The Option terms are specified in Schedule 1.

6. EXERCISE OF OPTIONS

- 6.1 A Participant shall exercise an Option by providing an Exercise Notice to the Company.
- 6.2 An Exercise Notice may not be given in respect of:
- (a) later than the Term as shown in Schedule 1 after the date of issue of that Option;
 - (b) less than 1,000 Options;
- 6.3 The Company shall, as soon as possible after receipt of an Exercise Notice, notify the Participant who gave that Exercise Notice of the total Exercise Price payable (being the Exercise price times the number of Options being exercised) in respect of the Options referred to in that Exercise Notice. The Participant shall thereupon pay that amount to the Company in cleared funds, and surrender to the Company any certificate in respect of those Options. The Company shall within five Business Days thereafter issue to the Participant the Shares arising from exercise of those Options. If the Participant does not pay the Exercise Price for any Options in respect of which an Exercise Notice has been given, the Committee may at its discretion determine that those Options shall lapse.
- 6.4 Shares issued upon exercise of an Option shall be fully paid and rank equally in all respects with the Shares on issue at the Exercise Date, except for any dividend declared prior to the Exercise Date.
- 6.5 If between the Issue Date and the Exercise Date any offer is received for the business or the Shares (including Options) in the Company that will result in the sale of all or substantially all of the business of the Company or its Shares (including Options), the Options will, upon reasonable notice being sent by the Company to the Participant, become immediately exercisable. In the event that any Options so exercised are "in the money" and the consideration offered for the sale of the Company's business or its Shares (including Options) does not involve cash or a mixture of cash and shares in another entity, the Company will ensure that the Participant is fairly and equitably treated and the Company will, to the extent possible, assist the Participant to exercise its Options.

7. ADJUSTMENTS

- 7.1 If between the Issue Date and the Exercise Date in respect of any Option:

- (a) the Company makes or announces any bonus issue of Shares or other securities, or makes or announces any rights issue, or other offer to holders of Shares to take up Shares or other securities;
- (b) any consolidation or subdivision of Shares, share buyback, amalgamation, or other reconstruction of or adjustment to the 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 Shares;

the Remuneration and Audit Committee may make such arrangements, or alterations to the terms of Options, as in the opinion of the Remuneration and Audit Committee are necessary to ensure that so far as possible after the occurrence of the event referred to in (a), (b) or (c), 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 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 of any recognised stock exchange on which the Shares of the Company are quoted.

8. LAPSE OF OPTIONS

8.1 Each Option shall lapse and cease to be available for exercise:

- (a) at the end of Term as per Schedule 1 effective from the date of issue of that Option; or
- (b) subject to clause 8.2, where the Participant who is the holder of that Option ceases to be an Employee or Consultant and

provided that this clause 8.1 and 8.2 shall not apply to the extent that it is inconsistent with the employment contract of the Employee.

8.2 The Remuneration and Audit Committee may, subject to such conditions as it sees fit and clause 8.1, 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.

8.3 No Participant may (subject to clause 8.2(b)) transfer, assign, or grant any charge, security interest or other encumbrance (legal or equitable) over, an Option, without the prior written consent of the Remuneration and Audit Committee except in the case of closely related parties such as Family Trusts.

9. WITHHOLDING TAXES

9.1 To the extent that the Company is required to withhold any taxes in connection with any payment made or benefit realised by a Participant or other person under this Plan, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of any payment or the realisation of any benefit that the Participant or other person make arrangements satisfactory to the Company for

payment of the balance of taxes required to be withheld, including by payment in cash to the Company or relinquishment of a benefit.

10. GENERAL

- 10.1 The Remuneration and Audit Committee may from time to time amend the terms of the Plan and the issue of the Options, if:
- (a) the Remuneration and Audit Committee considers that the interests of Participants affected are not materially prejudiced by the amendments; or
 - (b) the amendment is necessary to comply with any law or the listing rules of any recognised stock exchanges on which any Shares of the Company are quoted.
- 10.2 The Remuneration and Audit Committee may terminate the Plan if there are no Participants.
- 10.3 The Company will not be required to apply for quotation of Options on any stock exchange.
- 10.4 Options shall not entitle Participants to attend or vote at meetings of shareholders of the Company, or to any other rights except as expressly recorded in this document.
- 10.5 If a calculation or adjustment under the Plan produces a fraction of a cent or Share, the product will be rounded to the nearest whole number favourable to the Participant.
- 10.6 No failure, delay or indulgence by the Remuneration and Audit Committee in exercising any power or right conferred on it under the Plan will operate as a waiver of that power or right; nor will a single exercise of a power or right preclude further exercises, or the exercise of any other power or right under the Plan.
- 10.7 All notices and communications required to be given or made under the Plan will be in writing and addressed to the recipient at the address or facsimile number from time to time designated by the recipient. Unless any other designations are given, the addresses and facsimile numbers of the Company and a Participant are those set out in the relevant Offer and acceptance form. Any notice or communication will be deemed to have been received at the time of delivery, if delivered by hand; or
- (a) on the second Business Day after the date of mailing, if sent by post or airmail with postage prepaid; or
 - (b) on the day on which confirmation of proper transmission is received (on transmission), if sent by facsimile.
- 10.8 The Plan will be governed by and construed in accordance with the laws of New Zealand.
- 10.9 Without further action by the Board this Plan does not, of itself, place any obligation on the Board to issue any Shares or other awards.

APPLICATION FORM FOR OPTIONS
NEUREN PHARMACEUTICALS LIMITED

TO: Neuren Pharmaceuticals Limited, Level 3, 2-6 Park Avenue, Grafton
AUCKLAND

Name of Participant: _____

Address of Participant: _____

Number of Options offered to Participant: _____

I apply for Options to subscribe for Shares in Neuren Pharmaceuticals Limited on the terms and conditions set out in the Share Option Plan and Australian Prospectus dated 15 November 2004 and this application form.

Number of Options applied for:

either

(a) all Options offered; OR

(b) _____ [insert a lesser number in multiples of 1,000]

[Delete one]

I acknowledge that:

- a) I have read the Explanatory Memorandum and am aware that the Explanatory Memorandum contains summary information in respect of the offer of Options to subscribe for Shares in Neuren Pharmaceuticals Limited;
- b) I have read the terms and conditions of the Share Option Plan in respect of Neuren Pharmaceuticals Limited; and
- c) I agree that I will hold the Options on the terms and conditions set out in the Share Option Plan and the registered Australian Prospectus.

DATED _____

Participant

Note:

1. **Closing date:** this form must be completed and returned to Neuren Pharmaceuticals Limited no later than 5.00pm on Friday 17 December 2004.
2. The form will be deemed to have been received by Neuren Pharmaceuticals Limited on the second business day after the date of mailing, if sent by post or airmail with postage prepaid.

NOTICE OF EXERCISE OF OPTIONS AND APPLICATION FOR SHARES

TO: The Directors
Neuren Pharmaceuticals Limited ("**Neuren**"), Level 3, 2-6 Park Avenue, Grafton

I, _____, being the holder of Options to subscribe
for Shares hereby exercise _____ (number
in words and in figures) Options to subscribe for Shares in Neuren as detailed in
Schedule 1 attached.

I consent pursuant to section 50 of the Companies Act 1993 to becoming the holder of
_____ Shares in Neuren.

I warrant that I have not sold or otherwise disposed of the Options and I request that you allot to
me the number of Shares to which I am entitled and I agree to accept such Shares subject to
Neuren's constitution. I agree to pay for such Shares in cleared funds forthwith upon notification
by Neuren of the exercise price of the Options, as notified to me by Neuren.

Signature: _____

Date: _____