



Neuren Pharmaceuticals Ltd  
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Freemans Bay, Auckland, New Zealand  
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fax: +64 9 361 7981  
enquiries@neurenpharma.com  
www.neurenpharma.com

3 March 2011

Dear Shareholder

Please find enclosed the notice for a Special Shareholders Meeting which we are holding at 11.30 am (NZT) on Monday 21 March 2011 at our offices at Level 2, 57 Wellington Street, Freemans Bay, Auckland, New Zealand. As set out in the attached notice the purpose of the meeting is to refresh the company's ability to issue securities under ASX Listing Rule 7.1 which was last authorised by shareholders at the May 2010 AGM.

If you would like to attend the Special Shareholders Meeting in Auckland we would be grateful if you could r.s.v.p for catering purposes either by email to **enquiries@neurenpharma.com** or by phoning +64 9 3700 200 by 17 March 2011.

I look forward to seeing you at the above meeting.

Yours sincerely

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

Dr Robin Congreve  
Chairman



## NOTICE OF SPECIAL MEETING

Notice is given that a Special Meeting of Neuren Pharmaceuticals Limited ARBN 111 496 130 (**Company** or **Neuren**) shareholders will be held at the Company's offices at Level 2, 57 Wellington Street, Freemans Bay, Auckland, New Zealand, on Monday 21 March 2011 commencing at 11.30 am (NZT). In accordance with the Constitution, the Board has fixed 1 March 2011 as the date of shareholder entitlement to notice of the Special Meeting.

### BUSINESS

#### Ordinary Resolutions

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

"That, for the purposes of Listing Rule 7.4 of the Listing Rules of ASX Limited and for all other purposes, the issue to SpringTree Special Opportunities Fund, LP of:

- A convertible note of A\$100,000 issued on 23 September 2010;
- A convertible note of A\$100,000 issued on 27 October 2010;
- A convertible note of A\$100,000 issued on 22 November 2010;
- A convertible note of A\$60,000 issued on 22 December 2010;
- A convertible note of A\$60,000 issued on 21 January 2011; and
- A convertible note of A\$60,000 issued on 21 February 2011;

all on the terms and conditions outlined in the Explanatory Memorandum accompanying this Notice of Meeting, be ratified."

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

"That, for the purposes of Listing Rule 7.1 of the Listing Rules of ASX Limited and for all other purposes, the Company approves and authorises the issue of Convertible Notes up to a maximum value of A\$180,000, and the issue of ordinary shares and options upon the conversion of the Convertible Notes to SpringTree Special Opportunities Fund, LP, on the terms and conditions described in the Explanatory Memorandum accompanying this Notice of Meeting."

#### Voting Exclusions

The Company will disregard any votes cast:

- (a) in relation to Resolution 1, by the persons who participated in the issues and their associates;
- (b) in relation to Resolution 2, by the persons who may participate in the proposed issues and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by such 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.



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Each of these resolutions is described in the attached Explanatory Memorandum which forms part of this Notice of Special Shareholders Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read "Rob Turnbull".

Mr Rob Turnbull  
CFO  
Neuren Pharmaceuticals Limited  
3 March 2011

## EXPLANATORY MEMORANDUM

### 1. INTRODUCTION

This Explanatory Memorandum forms part of the Notice of Special Meeting dated 3 March 2011 and has been prepared to provide shareholders with information on matters to be considered at the Special Meeting on 21 March 2011.

The purpose of this Explanatory Memorandum is to provide shareholders with an explanation of the resolutions to be proposed and considered at the Special Meeting on 21 March 2011 and to allow shareholders to determine how they wish to vote on these resolutions.

Each of the resolutions is an ordinary resolution requiring it to be passed by a simple majority of votes cast by shareholders entitled to vote on the resolution. Further information regarding each of these resolutions is set out below.

This Explanatory Memorandum is an important document, and should be read in its entirety by all shareholders.

### 2. RATIFICATION AND APPROVAL OF PREVIOUS ISSUE OF SECURITIES TO SPRINGTREE SPECIAL OPPORTUNITIES FUND, LP (ORDINARY RESOLUTION 1)

#### 2.1. General

On 18 November 2009 the Company entered into a Convertible Loan Agreement (the "Agreement") with SpringTree Special Opportunities Fund, LP ("SpringTree") for convertible loan funding of up to A\$6.7 million over two years.

The proceeds from the issue of convertible notes under the Agreement has been and will continue to be used to support Neuren's contribution to the Phase 2 trial of NNZ-2566 in Traumatic Brain Injury and for working capital purposes.

SpringTree is a fund managed by SpringTree Global Investors, LLC, a New York-based asset management company that makes debt and equity investments in public companies around the world.

At a Special Meeting of Shareholders in December 2009 and the Annual Shareholders Meeting in May 2010 shareholders approved the issue of convertible notes and other securities under the Agreement up until August 2010. Since that time the Company has issued the following further convertible notes under the Agreement as follows:

- a. A convertible note of A\$100,000 issued on 23 September 2010 which matured on 20 October 2010;
- b. A convertible note of A\$100,000 issued on 27 October 2010 which matured on 19 November 2010;
- c. A convertible note of A\$100,000 issued on 22 November 2010 which matured on 20 December 2010;
- d. A convertible note of A\$60,000 issued on 22 December 2010 which matured on 19 January 2011;
- e. A convertible note of A\$60,000 issued on 21 January 2011 which matured on 18 February 2011; and
- f. A convertible note of A\$60,000 issued on 21 February 2011 and which will mature on 21 March 2011 on the terms set out in 2.3(c) below.

#### 2.2. ASX Listing Rule 7.4

ASX Listing Rule 7.4 provides that an issue of equity securities without approval of shareholders under Listing Rule 7.1 is treated as having been made with approval for the purposes of Listing Rule 7.1 if:

- a. the issue of securities did not breach Listing Rule 7.1; and
- b. holders of ordinary securities subsequently approve the issue.

Broadly speaking, ASX 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.

The effect of this Ordinary Resolution 1 is that the Company will be able to refresh its 15% issuing capacity under ASX Listing Rule 7.1 with effect from the date of the Special Shareholders Meeting.

### 2.3. Technical Information required by ASX Listing Rule 7.5

In compliance with ASX Listing Rule 7.5, the following information is provided.

a. ASX Listing Rule 7.5.1: The number of securities allotted.

- One convertible note of A\$100,000 on 23 September 2010 which matured on 20 October 2010 with the issue of 7,352,941 ordinary shares and 7,352,941 options;
- One convertible note of A\$100,000 on 27 October 2010 which matured on 19 November 2010 with the issue of 7,352,941 ordinary shares and 7,352,941 options;
- One convertible note of A\$100,000 on 22 November 2010 which matured on 20 December 2010 with the issue of 7,352,941 ordinary shares and 7,352,941 options;
- One convertible note of A\$60,000 on 22 December 2010 which matured on 19 January 2011 with the issue of 4,411,765 ordinary shares and 4,411,765 options;
- One convertible note of A\$60,000 on 21 January 2011 which matured on 18 February 2011 with the issue of 4,411,765 ordinary shares. 4,411,765 options with an exercise price of A\$0.0163 per share will be issued subject to approval of these resolutions by shareholders; and
- One convertible note of A\$60,000 issued on 21 February 2011 and which will mature on 21 March 2011 on the terms set out in 2.3(c) below.

b. ASX Listing Rule 7.5.2: Issue price of securities

The convertible notes set out in 2.3(a) above were issued at their face value as noted.

c. ASX Listing Rule 7.5.3: Terms of securities

Each convertible note has the following terms:

- The convertible note does not bear interest and is unsecured;
- The convertible note has a term of 28 days (except for the 27 October 2010 note which was 23 days but otherwise on the terms noted in this section);
- The convertible note, or part thereof, 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:
  - a. 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 the execution date of the Agreement; and
  - b. 85% of the lowest of the daily VWAPs during the term of the convertible note;
- The convertible note, or part thereof, shall also convert into a number of options in the Company determined as 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 terms:
  - 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;
  - Except in the case of a capital reorganisation of the Company, the option holder has no right to a change in the exercise price of the options, or a change in the number of ordinary shares over which the options can be exercised. If between the date of issue of the options and the earlier of their expiry and the date on which all of the options are exercised, all or any of the Company's ordinary shares are subdivided, consolidated, or otherwise reorganised, the number of options held by the option holder at such time shall be reduced or increased (as the case may require) in proportion to such subdivision, consolidation or reorganisation. To the extent necessary the rights of the option holder will be changed at the time of the reorganisation to comply with the ASX Listing Rules applying to the reorganisation of capital.
  - 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.



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- The ordinary shares issued upon conversion of the convertible note will rank equally in all respects with the then existing ordinary shares on issue;
- The convertible note does not carry any voting rights at meetings of shareholders of the Company, and has no rights of participation in any rights issue undertaken by the Company prior to conversion of the convertible note.

d. ASX Listing Rule 7.5.4: Name of allottees

SpringTree Special Opportunities Fund, LP.

e. ASX Listing Rule 7.5.5: Intended use of the funds raised

The funds raised from the issue of the securities have been used to support Neuren's contribution to the Phase 2 trial of NNZ-2566 in Traumatic Brain Injury and for working capital purposes.

f. ASX Listing Rule 7.5.6: Voting exclusion statement

A voting exclusion statement is included in the Notice accompanying this Explanatory Statement.

#### 2.4. Director's Recommendation

The directors of the Company recommend that shareholders approve this Resolution to approve the ratification of the previous issues of securities to SpringTree.

### 3. APPROVAL FOR ISSUE OF SECURITIES TO SPRINGTREE SPECIAL OPPORTUNITIES FUND, LP (ORDINARY RESOLUTION 2)

#### 3.1. General

As noted above, on 18 November 2009 the Company entered into the Agreement with SpringTree for convertible loan funding of up to A\$6.7 million over two years through a series of monthly convertible notes.

The proceeds from the issue of convertible notes under the Agreement will be used to support Neuren's contribution to the Phase 2 trial of NNZ-2566 in Traumatic Brain Injury and for working capital purposes.

Ordinary Resolution 1 above deals with convertible notes which have been issued prior to the Special Shareholders Meeting. By this Ordinary Resolution 2 the Company seeks shareholder approval to issue to SpringTree under the Agreement convertible notes with an aggregate value of up to A\$180,000 on or about the following dates:

- 23 March 2011;
- 22 April 2011; and
- 23 May 2011.

Each of the convertible notes will be issued on the terms set out in 2.3(c) above.

#### 3.2. Technical Information required by ASX Listing Rule 7.3

In compliance with ASX Listing Rule 7.3, the following information is provided.

a. ASX Listing Rule 7.3.1: Maximum number of securities to be issued pursuant to Ordinary Resolution 2

Three convertible notes with an aggregate principal amount of up to A\$180,000. An indication of the maximum number of securities that could be issued under the convertible note can be obtained if one assumes that the relevant conversion price is A\$0.0136, which was the conversion price for the January 2011 convertible note and represented 85% of the lowest of the daily VWAPs during the term of the convertible note. Based on this assumption, the maximum number of securities that would be issued on conversion of the maximum aggregate amount of all of the convertible notes is 13,235,294 ordinary shares and 13,235,294 options. A lesser number of shares and options would be issued on conversion of the convertible notes if the conversion price was equivalent to 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 the execution date of the Agreement i.e. a conversion price of \$0.04823.

b. ASX Listing Rules 7.3.2 and 7.3.7: Date of issue and allotment of securities

The convertible notes will be issued within three months of the date of this Special Shareholders Meeting on or about the following dates:

- 23 March 2011;
- 22 April 2011; and
- 23 May 2011.

c. ASX Listing Rule 7.3.3: Issue price of securities

The convertible notes will be issued at face value with an aggregate principal amount of up to A\$180,000.

d. ASX Listing Rule 7.3.4: Name of allottees

SpringTree Special Opportunities Fund, LP.

e. ASX Listing Rule 7.3.5: Terms of securities

The convertible notes shall have the same terms as set out in 2.3(c) above.

f. ASX Listing Rule 7.3.6: Intended use of the funds raised

The funds raised from the issue of the securities will be used to support Neuren's contribution to the Phase 2 trial of NNZ-2566 in Traumatic Brain Injury and for working capital purposes.

g. ASX Listing Rule 7.3.8: Voting exclusion statement

A voting exclusion statement is included in the Notice accompanying this Explanatory Statement.

### 3.3. Director's Recommendation

The directors of the Company recommend that shareholders approve this Resolution to approve the issue of securities to SpringTree.

## 4. 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 18 March 2011.

### 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, level 2, 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.





# PROXY FORM

**Neuren Pharmaceuticals Limited**  
ARBN 111 496 130

**All correspondence to:**  
Neuren Pharmaceuticals Limited  
PO Box 9923, Newmarket  
Auckland, New Zealand  
Facsimile +64 9 361 7981  
Enquiries (within Australia) 1 800 259 181  
(outside Australia) +64 9 3700 200  
enquiries@neurenpharma.com

**SRN:**

## Appointment of Proxy

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

The Chairman of the Meeting (mark with an "X") **OR**

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Special Shareholders Meeting of Neuren Pharmaceuticals Limited to be held at the Company's offices, Level 2, 57 Wellington Street, Auckland, New Zealand on 21 March 2011 at 11.30 am (NZT) and at any adjournment of that meeting.

## Voting directions to your proxy – please mark to indicate your directions

		For	Against	Abstain*
Resolution 1	Ratification of previous issues of securities to SpringTree	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Approval to issue securities to SpringTree	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**The Chairman of the Meeting intends to vote undirected proxies in favour of the resolutions.**

\* If you mark the Abstain box 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.

## Appointing a second Proxy

I/We wish to appoint a second proxy

Mark with an "X" if you wish to appoint a second proxy. **AND**  % **OR**  State the percentage of your voting rights or the number of securities for this Proxy Form.

**PLEASE SIGN HERE** This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

<b>Individual or Securityholder 1</b> <input type="text"/> Individual/Trustee/Sole Director and Company Secretary	<b>Securityholder 2</b> <input type="text"/> Director/Trustee	<b>Securityholder 3</b> <input type="text"/> Director/Trustee
---	---	---

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date

## 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 11.30 am (NZT) on Monday, 21 March 2011. Any Proxy Form received after that time will not be valid for the scheduled meeting.

**Documents may be lodged:**

IN PERSON Level 2, 57 Wellington Street, Freemans Bay, Auckland, New Zealand

BY MAIL PO Box 9923, Newmarket, Auckland, New Zealand

BY FACSIMILE +64 (9) 361 7981