29 April 2008

Dear Shareholder

We have made solid and steady progress on several fronts of the business this quarter. Our aim with this newsletter is to provide you with a brief update and overview of our activities during the quarter and a summary of our current position.

Neuren is an emerging global leader in the development of treatments for central nervous system disorders and brain injury with three very promising new drug compounds moving closer to registration.

Our primary focus has been to actively review the best possible options that will help us maximise shareholder value by delivering on key milestones, minimise risk and maintain control over costs. Our team has worked very hard to make sure we remain on target to achieve our key milestones for 2008. Some of our first quarter achievements include:

Glypromate®

- 227th Glypromate® trial patient recruited in line with stated enrolment timeline

NNZ-2566

- US$4 million Department of Defense funding confirmed for Phase 2 trial of NNZ-2566
- NNZ-2566 Phase 2 trial protocol completed and submitted for a pre-Investigational New Drug (IND) meeting with the US Food and Drug Administration (FDA) in Q2 2008
- Clinical trial sites and investigators for NNZ-2566 Phase 2 trial recruited

Motiva

- Motiva™ Phase 2b trial protocol developed and on track to start 4Q 2008
- Clinical sites and investigators for Motiva™ Phase 2b trial identified
- Motiva™ clinical trial supplies re-qualified for Phase 2b trial

Corporate

- Rights issue raised A$7.1 million to progress the Glypromate® Phase 3 trial

- Leading US-based life science investors become significant shareholders through conversion of convertible notes
- Restructure of in-house pre-clinical team to focus the Neuren team on clinical development and on external licensing.

Funding strategy

As of 31 March 2008, the Company had A$4.2 million available to support our clinical and preclinical development. These funds will enable us to advance our lead compound Glypromate® and bring it to a stage of clinical maturity. The Company's quarterly cash flow statement Appendix 4C will be released on 30 April and be available on the ASX's and the Company's website *www.neurenpharma.com*.

As previously stated, we are working to secure additional long-term funding from established life science investors who also recognise the great potential our technology holds. Securing long-term investment will allow the management team to focus on the rapid clinical advancement of our other promising compounds Motiva™ and NNZ-2566 through to pivotal trials and product registration within the shortest possible time.

Strategic partnerships

Another recent development has been to reduce our focus on the internal R&D of the preclinical pipeline, instead focusing on licensing to partners who have the necessary experience and specialised skills that can be delivered at the time and place of need.

We also remain committed to leveraging external grant funding arrangements to move this pipeline to a proof of concept stage. We are presently in negotiations to license a number of our pre-clinical programs with leading pharmaceutical companies and partners.

Again, our overarching aim is the creation of solid, financially beneficial relationships with partner organisations to expedite our pre-clinical programs.

International clinical trial progress

The past three months have seen solid progress at trial sites around the world.

Many of the leading medical professionals working with Neuren say they are excited by the promise our technology holds to address a wide range of acute and chronic neurological conditions suffered by patients and their families.

We believe we have a real opportunity to improve the treatment and quality of life for millions of people worldwide.

Glypromate® update

Our focus this quarter has been to expedite development of our most advanced drug compound Glypromate®, currently in a multi-site Phase 3 trial for the reduction of cognitive impairment in patients undergoing cardiac bypass surgery.

Glypromate® is in a Phase 3 clinical trial in the United States, New Zealand and Australia. The trial Data Safety Monitoring Committee (DSMC) is currently reviewing data from the first 100 patients and will deliver a report in coming weeks, which we will communicate to the market.

To date, the Glypromate® trial has reached a number of significant milestones, including approval by the US FDA for Neuren's IND submission and designation as a major efficacy study. This means that only one additional major efficacy study would be required for product registration after the current trial is completed.

More than one million people worldwide undergo cardiac bypass surgery annually with an estimated 70 percent of patients experiencing cognitive impairment at discharge and more than one third still exhibiting cognitive impairment at three months. There is currently no treatment available to prevent this.

NNZ-2566 update

The compound we call NNZ-2566 is being evaluated as a drug to improve neurological and functional outcomes from acute traumatic brain injury (TBI).

The US Department of Defense has confirmed US$4 million funding for the Phase 2 program to cover 50% of external trial costs. In a review of the trial program, the Department also recommended that Neuren focus on a single traumatic brain injury (TBI) trial, targeting the moderate to severe TBI population only. The rationale for a single trial in this patient population is a greater chance of a clinical signal, lower trial costs and greater ease of implementation.

In coming weeks, we plan to submit our Phase 2a protocol and other documentation to the US FDA for pre-IND review, prior to formal submission of an IND. This will enable Neuren to obtain early FDA feedback on protocol design and drug safety. We will also signal to the FDA our intention to seek Fast Track status for NNZ-2566 on completion of this current Phase 2a trial.

The primary aim of the Phase 2a trial will be to evaluate the safety of NNZ-2566 in brain injured patients. The trial will also evaluate several measures of efficacy to help us determine the best endpoints to use in the subsequent pivotal trial.

There are an estimated three million traumatic brain injuries worldwide every year but there is currently no approved pharmacological treatment available.

Motiva™ update

Motiva™ is a late stage clinical compound with proven safety and efficacy in patients with post-stroke apathy and depression. The Company plans to initiate a Phase 2b trial this year under the open US IND at up to 10 sites in Australia and the US.

Our acquisition of this promising drug last year broadens our applications beyond neuroprotection into other related central nervous system disorders while leveraging our trial capabilities in neurocognitive outcomes.

Motiva™ has been tested in 1,700 patients in the US, Japan and China and has a remarkable safety profile. In 6 placebo-controlled trials in Japan and the US, it demonstrated statistically significant results in treating post-stroke patients suffering from apathy and depression. Apathy is a significant issue for the rehabilitation of patients after a stroke with up to 30% of patients potentially affected. We expect that the upcoming trial will be the final study prior to initiating pivotal trials in this indication.

Apathy also is a significant clinical problem for patients with traumatic brain injury, Alzheimer's and Parkinson's disease, depression and schizophrenia and represents a major impediment to rehabilitation and maintaining quality of life. We are evaluating options to extend Motiva™ into these indications. These are areas of strong commercial potential with no drugs approved as therapy for this debilitating condition.

Anticipated international clinical development progress at April 2008

3Q 2008

- NNZ-2566 IND open
- Start NNZ-2566 Phase 2 trial in TBI
- Start Motiva™ Phase 2b trial in post-stroke psychiatric symptoms

4Q 2008

- Glypromate® Phase 3 trial Data Safety Monitoring Committee blinded safety analysis on 300 completed patients
- Complete enrolment in our Phase 3 trial of Glypromate®

2Q 2009

- Announce trial results of our Phase 3 trial of Glypromate®

4Q 2009

- Complete enrolment in NNZ-2566 Phase 2a trial in TBI
- Complete enrolment in Motiva™ Phase 2b trial in post-stroke psychiatric symptoms

Neuren's product development at April 2008

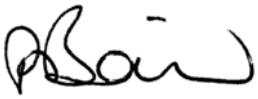
Product	Indication	Discovery	Pre-clinical	Phase I	Phase II	Phase III	Registration	Market
Glypromate®	Cognitive Impairment following CPB surgery	→	→	→	→			
Motiva™	Post stroke apathy and depression	→	→	→				
NNZ-2566	Moderate-severe traumatic brain injury	→	→	→				
Pre-clinical compounds								
NNZ-2591	Parkinson's disease	→	→					
NNZ-4945	Peripheral neuropathy	→	→					
NNZ-3006	Adult Growth Hormone Deficiency	→						
NNZ-8000	Breast and other malignancies	→						

Summary

Neuren is a very well positioned clinical stage company with a highly promising pipeline of novel therapeutics for acute and chronic CNS indications. While it is difficult to predict the exact dates on which regulatory processes will conclude, we are confident we have a very promising year ahead.

We are committed to clear and continuous engagement with our staff and shareholders. We appreciate your ongoing support and look forward to providing you with regular updates as we work to build shareholder wealth through the fast and efficient progress of our clinical program.

Yours sincerely,



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