

NEUREN PHARMACEUTICALS AGM

MAY 2009

Chairman's introduction

Welcome and thank you for attending the 5th AGM of Neuren Pharmaceuticals Limited. At our last AGM I made the point that in the course of its short life Neuren had moved from being a relatively early pre-clinical stage company focused on its science to what could be described as an “early” pharmaceutical company concentrating on clinical trials and, in the case of Glypromate[®], a pivotal or registration trial. That maturing process has now reached another stage which most pharma companies eventually have to face – a trial which has not met its targeted end points.

The board and management of Neuren have always been aware that failure of a trial and the consequent abandonment of one pathway to further development is always a very real possibility: that a pipeline should not only be available but be developed to a stage where other lead compounds can be the focus of attention. Clearly the raising of capital to adopt such a strategy and the impact of the market's perception of a trial failure makes this difficult especially at a time when the availability of capital for any enterprise is at lows rarely experienced in our lifetime.

In this presentation, we will show you how Neuren plans, notwithstanding these difficulties, to move its business on; the meaning of the Glypromate[®] trial and what lies ahead for the company and its shareholders.

Neuren has continued the process foreshadowed last year of stripping out unnecessary overhead and concentrating on funding clinical development with as much non-dilutive joint venture partnership and grant capital as possible. Neuren itself is now very much a “head office” operation, maintaining intellectual property, seeking partnership, joint venture and other funding and monitoring and administering the many inputs from consultants, clinicians, and partners that together make up a clinical trial. Consequently the burn rate of Neuren itself is comparatively low and is largely attributable to the contribution which (on even the best of negotiated terms) Neuren must make to trials that are otherwise funded from non-dilutive funding. This is an approach which we feel will add to shareholder value by allowing the pipeline to develop through the clinic to a point where significant shareholder value can be added, either by attracting further funding at non-dilutionary values or by a trade sale or licensing.

[Refer powerpoint presentation]

Corporate Strategy

The funding agreement with the US Army which we have just announced, when completed, obviously has a huge impact on Neuren’s capital requirements. The Army funding is non-dilutionary for existing shareholders; it is the largest single fund raising in Neuren’s history. It will fund the NNZ-2566 trial through to commencement of a pivotal trial which is a very obvious value point for the company. Moreover, some costs already incurred by Neuren will be recouped.

Neuren's lean operating structure and emphasis on partnerships and non-dilutive funding means that it will have only modest working capital needs over the next period. Obviously, any opportunity to access further capital in a way which maintains existing shareholder value will be pursued and will allow accelerated development of the clinical programme other than NNZ-2566.

In the meantime, most of Neuren's working capital requirement, other than the maintenance of intellectual property, will effectively be its contribution to the NNZ-2566 trial. This will be met either by a comparatively small third party investment in the NNZ-2566 programme which will flow back to Neuren and/or through comparatively small capital raisings within Neuren itself. We will confirm how we will move forward when discussions currently underway with third party investors are completed.

Dr Robin Congreve

Chairman

28 May 2009