

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

Notice is given that a special meeting of shareholders of Neuren Pharmaceuticals Limited (**Company** or **Neuren**) will be held at Chartered Accountants Australia and New Zealand, Level 18, Bourke Place, 600 Bourke Street, Melbourne, VIC 3000, on 29 August 2017 commencing at 10.00 am AEST. In accordance with the Constitution, the Board has fixed 9 August 2017 as the date of shareholder entitlement to receive this notice.

BUSINESS

Resolutions

1. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval be given to the Company to issue 9,677,419 shares to Essex Castle Limited at an issue price of \$0.062 per share."
2. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval be given to the Company to issue 1,290,323 shares to Karen Elizabeth Treagus ATF Treagus Family Trust at an issue price of \$0.062 per share."
3. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval be given to the Company to issue 1,290,323 shares to Larry Glass at an issue price of \$0.062 per share."
4. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval is given to the prior issue on 11 and 12 July 2017 of 11,935,485 shares at an issue price of \$0.062 per share."
5. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:
"That for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval is given to the prior issue to Lanstead Capital L.P. on 18 July 2017 of 161,290,323 shares at an issue price of \$0.062 per share and 8,064,516 shares as consideration for entering a Sharing Agreement."

Each Resolution is to be considered as an ordinary resolution and, to be passed, requires the approval of a majority of the valid votes cast on the resolution by the shareholders entitled to vote and voting on the resolution. The Company will disregard any votes cast in relation to each resolution by any person who either participated in the issue of securities, or is to receive securities, and by any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form.

Each Resolution is explained in the attached Explanatory Memorandum which forms part of this notice.

By order of the Board



Jon Pilcher
CFO & Company Secretary
Neuren Pharmaceuticals Limited
14 August 2017

EXPLANATORY MEMORANDUM

Introduction

The purpose of this Explanatory Memorandum, which forms part of the Notice of Special Meeting of Shareholders dated 14 August 2017, is to provide shareholders with an explanation of the Resolutions to be proposed and considered at the meeting on 29 August 2017 (Meeting) and to allow shareholders to determine how they wish to vote on these Resolutions.

Background

In July 2017, Neuren completed a placement of new shares raising \$11.5 million at 6.2 cents per share, including \$10 million from UK fund Lanstead Capital and \$1.5 million from Rettsyndrome.org and Neuren's directors and management. The placement provides funding to enable initiation of key activities on the critical path for commencing a Phase 3 trial in Rett syndrome.

Neuren has an End of Phase 2 Type B Meeting with the US Food and Drug Administration (FDA) Division of Neurology Products scheduled in October 2017 to discuss the remaining development for trofinetide to treat Rett syndrome, including the Phase 3 trial design.

In parallel with the FDA interactions, the funding enables Neuren to initiate the following key manufacturing and non-clinical activities that are required to be completed before a Phase 3 trial can commence:

- Conclude optimisation of the drug substance manufacturing process for commercial supply
- Conclude stability testing and analytical validation of the new to-be-marketed liquid drug formulation
- Conduct non-clinical toxicity study in a second species, which is required for a Phase 3 trial with longer dosing and subsequently to support a New Drug Application to the FDA

Resolutions 1, 2 and 3

The purpose of resolutions 1, 2 and 3 is to obtain shareholder approval to issue 12,258,065 shares at 6.2 cents per share to three of Neuren's directors or their associates, as is required by ASX Listing Rule 10.11. The shares will be issued by 31 August 2017 and will rank equally with all other shares currently on issue. The funds of \$760,000, which were received in July 2017, will be used as described in the Background section above.

Resolution	Neuren director or associate of director	Number of shares
1	Essex Castle Limited	9,677,419
2	Karen Elizabeth Treagus ATF Treagus Family Trust	1,290,323
3	Larry Glass	1,290,323
	Total	12,258,065

Trevor Scott is a director of Essex Castle Limited and Richard Treagus is a beneficiary of Treagus Family Trust.

For each resolution, any votes cast by a person who is to receive shares in the proposed issue, or any associates of those persons, will be disregarded. However, a vote cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form will not be disregarded.

The Board recommends that each of Resolutions 1, 2 and 3 be passed.

Resolutions 4 and 5

The purpose of resolutions 4 and 5 is to obtain shareholder ratification of the prior issues of shares to Lanstead Capital, Rettsyndrome.org and management. ASX Listing Rule 7.1 provides that a company must not, subject to the specified exceptions under Listing Rule 7.2, issue or agree to issue securities during any 12 month period in excess of 15% of the number of ordinary shares on issue at the commencement of that 12 month period, without shareholder approval. Listing Rule 7.4 sets out an exception to Listing Rule 7.1, by permitting the ratification of a previous issue of securities which was not made under a prescribed exception under ASX Listing Rule 7.2 or with prior shareholder approval, provided that the issue did not breach the 15% threshold set out by Listing Rule 7.1. If shareholders of a company approve the ratification of a previous issue of securities, those securities will be deemed to have been issued with shareholder approval for the purposes of Listing Rule 7.1. The effect of ratification in accordance with Listing Rule 7.4 is the reinstatement of the maximum capacity to issue further securities up to 15% of the shares, if required, in the next 12 months without requiring shareholder approval.

The shares to be ratified rank equally with all other shares currently on issue.

In respect of Resolution 4, the 11,935,485 shares to be ratified were issued at 6.2 cents per share on 11 July 2017 and 12 July 2017 to International Rett Syndrome Foundation, GW Investment Holdings LLC and Jennifer Pilcher. The funds of \$740,000, which were received in July 2017, will be used as described in the Background section above.

In respect of Resolution 5, the following shares to be ratified were issued on 18 July 2017 to Lanstead Capital L.P.:

- 161,290,323 shares at 6.2 cents per share (\$10 million)
- 8,064,516 shares as consideration for the Sharing Agreement (5% of 161,290,323 shares)

The funds received will be used as described in the Background section above. Neuren received \$1.5 million from Lanstead in July 2017. The remaining \$8.5 million is invested in a Sharing Agreement with Lanstead, which enables Neuren to secure much of the potential upside from anticipated near term news flow. The Sharing Agreement provides that Neuren's economic interest will be determined and payable in 18 monthly settlements commencing in September 2017, as measured against a benchmark price of 8.86 cents per share (Benchmark Price).

If the measured share price exceeds the Benchmark Price, for that month, Neuren will receive more than 100 per cent of the monthly settlement due on a pro rata basis. Importantly, there is no upper limit on the additional funds receivable by Neuren as part of the monthly settlements. Should the measured share price be below the Benchmark Price, Neuren will receive less than 100 per cent of the monthly settlement on a pro rata basis. In no event would a decline in the share price result in any increase in the number of shares received by Lanstead or any other benefit accruing to Lanstead. The amount of each settlement is dependent on the volume weighted average price at which Neuren's shares are traded in the 20 days preceding the settlement (VWAP).

If the VWAP over the 18 month period is equal to the Benchmark Price, Neuren will receive \$8.5 million in total. If the VWAP is higher than the Benchmark Price, Neuren will receive proportionately more than \$8.5 million, with no upper limit. If the VWAP is lower than the Benchmark Price, Neuren will receive proportionately less than \$8.5 million.

For each of resolutions 4 and 5, any votes cast by any person who participated in the issue of shares and by any associates of those persons will be disregarded. However, a vote cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form will not be disregarded.

The directors believe that it is in Neuren's best interests to maintain its ability to issue up to 15% of the issued capital of the Company. The Board therefore recommends that each of Resolutions 4 and 5 be passed.

HOW TO VOTE

Persons entitled to attend and vote

The persons who will be entitled to attend and 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 25 August 2017.

To vote on the Resolutions to be put to the Meeting follow these steps:

1. Attend the Meeting. Please bring the enclosed Proxy Form with you to assist registration at the Meeting.
OR
2. Complete the enclosed Proxy Form and return it to Neuren's share registry, Link Market Services Limited, by facsimile or mail as directed on the Proxy Form, or lodge it on-line at the registry's website (www.linkmarketservices.com.au) in accordance with the instructions given there (you will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website).

Documents received or lodged later than 10.00 am (AEST) on 27 August 2017 will not be valid for the Meeting.

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 the meeting and vote on their behalf by completing the enclosed Proxy Form. A proxy or representative need not be a shareholder of Neuren. Proxy Forms must be received by Neuren's share registry, Link Market Services Limited, at the address on the enclosed Proxy Form, or be lodged on-line at the registry's website, by **10.00 am (AEST) on 27 August 2017**. A representative should bring to the Meeting evidence of his or her appointment by the shareholder.



pharmaceuticals

Neuren Pharmaceuticals Limited

ARBN 111 496 130

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Neuren Pharmaceuticals Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO
Telephone: 1300 554 474 Overseas: +61 1300 554 474



X999999999999

PROXY FORM

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

APPOINT A PROXY

the Chairman of the Meeting (mark box) **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Special Meeting of the Company to be held at **10:00am (AEST) on Tuesday, 29 August 2017 at Chartered Accountants Australia and New Zealand, Level 18, Bourke Place, 600 Bourke Street, Melbourne VIC 3000 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 2 and 3: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, 2 and 3, even though the Resolutions are connected directly or indirectly with the issue of shares to directors or their associates.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an .

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Approval be given to the Company to issue 9,677,419 shares to Essex Castle Limited at an issue price of \$0.062 per share.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5 Approval is given to the prior issue to Lanstead Capital L.P. on 18 July 2017 of 161,290,323 shares at an issue price of \$0.062 per share and 8,064,516 shares as consideration for entering a Sharing Agreement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Approval be given to the Company to issue 1,290,323 shares to Karen Elizabeth Treagus ATF Treagus Family Trust at an issue price of \$0.062 per share.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Approval be given to the Company to issue 1,290,323 shares to Larry Glass at an issue price of \$0.062 per share.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Approval is given to the prior issue on 11 and 12 July 2017 of 11,935,485 shares at an issue price of \$0.062 per share	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

i * If you mark the Abstain box for a particular Item, 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.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual) <input type="text"/>	Joint Shareholder 2 (Individual) <input type="text"/>	Joint Shareholder 3 (Individual) <input type="text"/>
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares 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
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. 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 Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (AEST) on Sunday, 27 August 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Neuren Pharmaceuticals Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE SPECIAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**