



Neuren Pharmaceuticals Ltd  
Level 3, 2-6 Park Avenue, Grafton  
Auckland, New Zealand  
office: +64 9 367 7167  
fax: +64 9 367 7186  
enquiry@neurenpharma.com  
www.neurenpharma.com

29 March 2006

Dear Shareholder

I am pleased to enclose our 2005 Annual Report and the notice for the annual shareholders' meeting which we are holding at 12.30 pm (AEST) on 3 May 2006 at the NSW Trade & Investment Centre, level 44, Grosvenor Place, 225 George Street, Sydney, Australia.

We will also be holding a briefing for New Zealand shareholders who are unable to attend the annual shareholders' meeting in Sydney. This will be held on Friday 5 May 2006 on the ground floor of Neuren's offices, 2-6 Park Ave, Grafton, Auckland, commencing at 4.00 pm. Unfortunately parking is extremely limited in the area and the closest public parking is the Wilson carpark at Auckland Hospital, the entrances to which are on both Park Road and Grafton Road. Please note that there will not be any voting on resolutions at this briefing, as this will only take place at the annual meeting in Sydney on 3 May. If you would like to cast your vote on any of the resolutions proposed for the annual meeting, please lodge your proxy in accordance with the instructions contained with the enclosed notice of annual meeting dated 29 March 2006.

If you would like to attend the shareholder briefing we would be grateful if you could r.s.v.p for catering purposes either by email to [enquiries@neurenpharma.com](mailto:enquiries@neurenpharma.com) or by phoning (09) 367 7167 ext. 82308.

I look forward to seeing you at the above meetings.

Yours sincerely

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

Dr Robin Congreve  
Chairman



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**REGISTRATION FOR ANNOUNCEMENT DISTRIBUTION LIST**

If, as a shareholder in Neuren Pharmaceuticals Limited, you would like to receive our announcements, notices, annual reports or shareholder updates by email, please register your interest by:

**Email to:** enquiries@neurenpharma.com

**OR**

**Complete and fax this page to:**

Neuren Pharmaceuticals Limited

+64 9 367 7186

	<b>Shareholder Reference Number</b>	<b>Name</b>	<b>Email address</b>
Securityholder 1	<input type="text"/>	<input type="text"/>	<input type="text"/>
Securityholder 2	<input type="text"/>	<input type="text"/>	<input type="text"/>

If you would like to provide other contact information, please use the space below.



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## NOTICE OF ANNUAL MEETING

Notice is given that the Annual Meeting of Neuren Pharmaceuticals Limited will be held at the NSW Trade & Investment Centre, level 44, Grosvenor Place, 225 George Street, Sydney, Australia, on 3 May 2006 commencing at 12.30 pm (AEST). In accordance with the Constitution, the Board has fixed 24 March 2006 as the date of shareholder entitlement to notice of the Annual Meeting.

### BUSINESS

#### Chairman's address

#### Chief Executive Officer's review

#### Annual Report

To receive and consider the annual report of the Company.

### Resolutions

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

"That Dr Robin Congreve be re-elected as director of the Company."

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

"That Mr Trevor Scott be re-elected as director of the Company."

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

"That for the purposes of Listing Rule 7.4, the issue of 12,000,000 fully paid ordinary shares in the Company (Shares) at A\$0.53 per share issued to clients of Patersons Securities and Taylor Collison on 2 December 2005 be ratified".

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

"That for the purposes of Listing Rule 7.1, approval be given for the issue of up to \$3,000,000 of fully paid ordinary shares in the capital of the Company to Taylor Collison and Patersons Securities, the underwriters of the Company's proposed share purchase plan, and/or to any of their sub-underwriters or clients, at an issue price per share determined by the Company at the time of issue being not less than 80% of the volume weighted average price at which Shares trade on ASX over the last 5 trading days on which Shares trade on ASX prior to the date of issue of the Shares."



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

"That approval be and is hereby given to the Company to amend the Share Option Plan on the terms and conditions outlined in the Explanatory Memorandum accompanying this Notice of Meeting."

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

"That PricewaterhouseCoopers be re-appointed as auditor to:

- (a) hold office from the conclusion of this meeting to the conclusion of the next annual meeting;
- (b) audit the financial statements for the year ending 31 December 2006;

And to authorise the board of directors to fix the auditor's remuneration."

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

By order of the Board

A handwritten signature in black ink, appearing to read "R Waring", is written over a horizontal line.

Mr Robert Waring  
Company Secretary  
Neuren Pharmaceuticals Limited  
29 March 2006

## **EXPLANATORY MEMORANDUM**

The purpose of this Explanatory Memorandum (which forms part of the Notice of Annual Meeting dated 29 March 2006) is to provide shareholders with an explanation of the resolutions to be proposed and considered at the Annual Meeting on 3 May 2006 and to allow shareholders to determine how they wish to vote on these resolutions.

### **ANNUAL REPORT**

The Company's Annual Report containing the financial statements for the year ended 31 December 2005 is enclosed with this Notice. Shareholders should note that they will be able to ask questions or discuss matters arising from the financial statements at the Meeting however it is not the purpose of the Meeting that the Annual Report be accepted, rejected or modified in any way.

### **RE-ELECTION OF DIRECTORS (RESOLUTIONS 1 and 2)**

The ASX Listing Rules provide that an entity which has directors must hold an election of directors each year. Accordingly Dr Robin Congreve and Mr Trevor Scott, being the longest serving directors, offer themselves for re-election. Their details are set out on page 3 of the Annual Report.

### **RATIFICATION OF PRIVATE SHARE PLACEMENT (RESOLUTION 3)**

ASX Listing Rule 7.4 is relevant to this resolution. Funds raised from the issue of these Shares were applied to meet the working capital requirements of the Company. These Shares rank pari passu with and are on the same terms as Shares currently on issue.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution 3 by the subscribers for these Shares and any of their Associates (other than votes cast:

- (a) as proxy in accordance with the directions on the proxy form, for any other shareholder of the Company who is entitled to vote; and
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.)

### **APPROVAL FOR ISSUE OF SHARES TO UNDERWRITER OF SHARE PURCHASE PLAN AND/OR OTHERS (RESOLUTION 4)**

As noted in the Chairman's letter to shareholders in December 2005, it is the Company's intention to involve existing shareholders in future capital raisings where possible. The Company therefore proposes to establish a share purchase plan, under which:

- a) Each shareholder will be entitled to subscribe for Shares not exceeding \$5,000 in value;
- b) The offer will be non-renounceable;
- c) The issue price per Share will be not less than 80% of the volume weighted average price at which Shares trade on ASX over the last 5 trading days on which Shares trade on ASX prior to the date of issue of the Shares.

The Company intends to enter into an underwriting agreement with Taylor Collison and Patersons Securities (the Underwriters) for the allotment of Shares under the share purchase plan. The formula for determining the maximum number of Shares that may be issued to the Underwriters is \$3,000,000 divided by the issue price, being no less than 80% of the volume weighted average price at which Shares trade on ASX over the last 5 trading days on which Shares trade on ASX prior to the date of issue of the Shares. A fee of 5% of the underwritten amount is expected to be payable to the Underwriters. Approval is being sought for the issue of all Shares issued to or at the direction of the Underwriters pursuant to this arrangement.

The issue the subject of this Resolution will take place within 3 months after the date of approval of this Resolution. Shares to be issued under the share purchase plan will be on the same terms of issue as existing Shares and will rank pari passu with existing Shares from the time of issue. Funds raised from the issue of these Shares will be applied to meet the working capital requirements of the Company including the proposed Phase 3 clinical trial of Glypromate®. Those parties set out in the voting exclusion statement below will be excluded from voting on this resolution.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution 4 by Taylor Collison Limited, Patersons Securities Limited, any person who may subscribe for these Shares under the underwrite, any person who might obtain a benefit (except a benefit solely in the capacity of a holder of Shares) if the Resolution is passed and any of their Associates (other than votes cast:

- (a) as proxy in accordance with the directions on the proxy form, for any other shareholder of the Company who is entitled to vote; and
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.)

#### **APPROVAL OF SHARE OPTION PLAN AMENDMENT (RESOLUTION 5)**

The Share Option Plan was established in March 2004 with a maximum of 14,139,627 options to be issued. Since establishment, 14,135,843 options with an exercise price of NZ\$0.392 per share and an expiry of 31 March 2009 have been granted.

To enable the Company to meet contractual employment commitments and to continue to award options to senior employees, and certain consultants, it proposes to amend the terms of the Share Option Plan to remove the maximum number of options currently in place and seek shareholder approval by ordinary resolution to allow a maximum number of outstanding options under the Share Option Plan equivalent to 15% of the number of ordinary shares on issue at any point in time. The following is a summary of the terms of the Share Option Plan which are otherwise unchanged:

- Under the Share Option Plan, Options may be offered to Participants by the Remuneration and Audit Committee.
- No payment is required for the grant of Options under the Share Option Plan.
- Subject to any adjustments referred to below, each Option is an Option to subscribe for one Share.
- Upon the exercise of an Option by a Participant, each Share issued will rank equally with other Shares of the Company.
- Options issued under the Share Option Plan may not be transferred unless the Remuneration and Audit Committee determines otherwise.
- The Options are not quoted on the ASX.
- Subject to the Listing Rules, 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 Company may make such arrangements, or alterations to the terms of Options as are necessary to ensure that so far as possible after the occurrence of the event referred to in paragraphs (a), (b) or (c) above, 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.

- The vesting period, exercise price, and expiry date are determined by the Remuneration and Audit Committee at the time of offer of the Options.
- Each Option shall lapse and cease to be available for exercise where the Participant who is the holder of that Option ceases to be an employee or consultant, provided that the Company may, subject to such conditions as it sees fit, 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.

It is necessary for shareholders to approve the Share Option Plan every three years in order to ensure that securities issued under the Share Option Plan are issued as an exception to ASX Listing Rule 7.1. Broadly speaking, 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.

Listing Rule 7.2 Exception 9 exempts securities issued under and an employee incentive plan being counted for the purposes of Listing Rule 7.1. Approval of this resolution means that the company will be able to issue up to 15% of its issued capital without shareholder approval in addition to securities issued under the Share Option Plan.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution 5 by any Directors of the Company, and any associates of those persons, except that Dr Robin Congreve, Mr Trevor Scott, Mr Tom Amos and their associates are entitled to vote on Resolution 5 as those directors are specifically and expressly excluded from participating in any employee incentive scheme operated by the Company (other than votes cast:

- (a) as proxy in accordance with the directions on the proxy form, for any other shareholder of the Company who is entitled to vote; and
- (b) by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form to vote as the proxy decides.)

## **APPOINTMENT OF AUDITOR (RESOLUTION 6)**

The New Zealand Companies Act 1993 provides that at each Annual Meeting the Company must appoint an auditor and fix the auditor's remuneration. PricewaterhouseCoopers has consented to it continuing as auditor.

## **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 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 1 May 2006.

**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, 2-6 Park Ave, Grafton, Auckland or PO Box 9923, Newmarket, Auckland, New Zealand (or facsimile +64 9 367 7186) 48 hours before commencement of the Meeting. The Proxy Form is enclosed with this Notice.





# PROXY FORM

**Neuren Pharmaceuticals Limited**  
ARBN 111 496 130

<name>  
<address 1>  
<address 2>  
<address 3>  
<address 4>  
<address 5>

**All correspondence to:**  
Neuren Pharmaceuticals Limited  
PO Box 9923, Newmarket  
Auckland, New Zealand  
Facsimile +64 9 367 7186  
Enquiries (within Australia) 1 800 259 181  
(outside Australia) +64 9 367 7167  
www.neurenpharma.com

**SRN:** <shareholder no.>

## 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 Annual Shareholders' Meeting of Neuren Pharmaceuticals Limited to be held at the NSW Trade & Investment Centre, level 44, Grosvenor Place, 225 George Street, Sydney, Australia on 3 May 2006 at 12.30 pm (AEST) and at any adjournment of that meeting.

**IMPORTANT: FOR ITEMS 3, 4 AND 5 BELOW**

If the Chairman of the Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote on Items 3, 4 and 5 below, please place a mark in this box. By marking this box you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of those items and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Items 3, 4 and 5 and your votes will not be counted in computing the required majority if a poll is called on these items. The Chairman of the Meeting intends to vote undirected proxies in favour of items 3, 4 and 5.

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

- Resolution 1 Re-election of Dr Robin Congreve as a Director
- Resolution 2 Re-election of Mr Trevor Scott as a Director
- Resolution 3 Ratification of Private Share Placement
- Resolution 4 Approval for Issue of Shares to Underwriter of Share Purchase Plan and/or Others
- Resolution 5 Approval of Share Option Plan Amendment
- Resolution 6 Reappointment of PricewaterhouseCoopers as auditor

For	Against	Abstain*
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**In addition to the intention advised above, the Chairman of the Meeting intends to vote undirected proxies in favour of each of the other items of business.**

\* 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.

Individual or Securityholder 1

Individual/ Sole Director and  
Company Secretary

Securityholder 2

Director

Securityholder 3

Director

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. For undirected proxies, the Chairman intends to vote in favour of each resolution. By marking the box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. 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 holder 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.

## 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 12.30 pm (AEST) on Monday, 3 May 2006. Any Proxy Form received after that time will not be valid for the scheduled meeting.

#### Documents may be lodged:

- IN PERSON 2-6 Park Avenue, Grafton, Auckland, New Zealand
- BY MAIL PO Box 9923, Newmarket, Auckland, New Zealand
- BY FACSIMILE +64 (9) 367 7186