



Prana Biotechnology plans to advance Alzheimer's clinical trial

Re-elected Victorian Labor Government pledges \$15m towards the trial

Melbourne, Australia – 8 November 2010: Prana Biotechnology has today announced it has received confirmation that a re-elected Victorian Labor Government would commit \$15 million to the Mental Health Research Institute (MHRI) as crucial funding toward the commencement of a large scale trial of PBT2. MHRI is Prana Biotechnology's long standing partner in Alzheimer's research and PBT2 is its lead compound for the treatment of Alzheimer's and Huntington's Disease.

The grant would go towards the further development of PBT2 by Prana, including a clinical trial involving 525 patients with mild to moderate Alzheimer's Disease, treated for twelve months. The study is aimed to confirm the results received in an earlier trial. The company is seeking further funding to run the trial. PBT2 has already demonstrated very promising results in an earlier Phase IIa trial, which in just 12 weeks showed significant improvement in cognitive tests that measure executive function in Alzheimer's patients.

"At a time when so many Alzheimer's drug candidates have failed, PBT2 has delivered positive results and has generated a great deal of interest in the global scientific community. The funding will come at a very important time for Prana and it is another vote of confidence in the promise of this drug," said Mr. Geoffrey Kempler, CEO of Prana Biotechnology.

"This grant money would be used in a crucial stage of the development of PBT2. It would enable Prana to proceed with the planned Phase IIb trial in a larger clinical setting. We hope to build on the positive clinical results we've already achieved and take us one step closer to delivering a new treatment for Alzheimer's. This will be welcome news for the many people touched by the disease."

PBT2 is a novel and exciting treatment for Alzheimer's Disease, a degenerative disease that is the fourth largest killer of adult Australians. PBT2 works by correcting an imbalance of metals in the ageing brain. Scientists believe this imbalance is one of the underlying causes of Alzheimer's Disease and other neurodegenerative conditions. PBT2 offers a unique therapeutic strategy in the treatment and ultimate modification of the disease process. Prana's research has won strong praise from leading scientists including Sir Gustav Nossal, a world renowned research biologist and former winner of the Albert Einstein World Award for Science, who describes Prana's research as "one of the iconic discoveries in Australian medical and health research".

The \$15 million grant, conditional on the re-election of the Brumby Government, is significant to a biotechnology company such as Prana and represents a strong endorsement of the world-leading work being undertaken by Prana. The company's deep pipeline includes Alzheimer's Disease, Huntington's Disease, Parkinson's Disease, and brain cancer, all of which have the potential to produce new treatments based on Prana's world leading technology. It also ensures that the pioneering work of Prana will remain in Victoria.

International scientists have applauded the Brumby Government's commitment to this research, saying it will put Victoria at the forefront of development in this area. Rudolph E. Tanzi, Ph.D., the Joseph P. and Rose F. Kennedy Professor of Neurology, at Harvard Medical School said: "The combined preclinical and clinical data on PBT2 leads me to believe that PBT2 has the best chance of all currently available potential competitors to be the first effective disease modifying treatment for Alzheimer's Disease. The Victorian Premier deserves congratulations for pledging this funding".

About Prana Biotechnology Limited

Prana Biotechnology was established to commercialise research into Alzheimer's Disease, Huntington's Disease and other major age-related neurodegenerative disorders. The Company was incorporated in 1997 and listed on the Australian Stock Exchange in March 2000 and listed on NASDAQ in September 2002. Researchers at prominent international institutions including The University of Melbourne, The Mental Health Research Institute (Melbourne) and Massachusetts General Hospital, a teaching hospital of Harvard Medical School, contributed to the discovery of Prana's technology.

For further information please visit the Company's web site at www.pranabio.com.

Forward Looking Statements

This press release contains "forward-looking statements" within the meaning of section 27A of the Securities Act of 1933 and section 21E of the Securities Exchange Act of 1934. The Company has tried to identify such forward-looking statements by use of such words as "expects," "intends," "hopes," "anticipates," "believes," "could," "may," "evidences" and "estimates," and other similar expressions, but these words are not the exclusive means of identifying such statements. Such statements include, but are not limited to any statements relating to the Company's drug development program, including, but not limited to the initiation, progress and outcomes of clinical trials of the Company's drug development program, including, but not limited to, PBT2, and any other statements that are not historical facts. Such statements involve risks and uncertainties, including, but not limited to, those risks and uncertainties relating to the difficulties or delays in financing, development, testing, regulatory approval, production and marketing of the Company's drug components, including, but not limited to, PBT2, the ability of the Company to procure additional future sources of financing, unexpected adverse side effects or inadequate therapeutic efficacy of the Company's drug compounds, including, but not limited to, PBT2, that could slow or prevent products coming to market, the uncertainty of patent protection for the Company's intellectual property or trade secrets, including, but not limited to, the intellectual property relating to PBT2, and other risks detailed from time to time in the filings the Company makes with Securities and Exchange Commission including its annual reports on Form 20-F and its reports on Form 6-K. Such statements are based on management's current expectations, but actual results may differ materially due to various factors including those risks and uncertainties mentioned or referred to in this press release. Accordingly, you should not rely on those forward-looking statements as a prediction of actual future results.

Contacts:

Prana Biotechnology Limited
+61 3 9349 4906

Australia – IR and Media
Rebecca Wilson and Kyahn Williamson
Buchan Consulting
+61 3 9866 4722

US – IR and Media
Leslie Wolf-Creutzfeldt
Grayling USA
+1 (646) 284-9400