

18 February 2011

Julia Kagan  
Senior Adviser, Listings (Melbourne)  
ASX Compliance Pty Limited

Via email

Dear Julia,

**Re: Prana Biotechnology Limited – Price Query**

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

**No**

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made? Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

**N/A**

3. Is there any reason to think that there may be a change in the operating result before abnormal items and income tax so that the figure for the half year ended 31 December 2010 would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.

**No**

4. Is there any reason to think that the Company may record any material abnormal or extraordinary items for the half year ended 31 December 2011? If so, please provide details.

**No**

5. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?

***The company is dual listed on the NASDAQ exchange in the United States through an ADR listing. Each ADR is equivalent to 10 ordinary shares on the Australian market. Overnight Prana (Nasdaq Code : PRAN) traded 3,322,950 ADRs the equivalent of 33,229,500 Australian Ordinary Shares. This trading volume represents approximately 13.73% of the Company's total issued capital.***

***It is possible that the greater than usual volume of trading on ASX today was prompted by a reaction to the activity and price increase on NASDAQ overnight.***

***The company has also been contacted by the NASDAQ Market Watch Department in respect to the trading on NASDAQ. The company disclosed to NASDAQ that it is unaware at this stage of any significant movements in its share register in respect of major US based shareholders disclosing any significant buying or selling activities. A possible explanation for the price and volume movement may be linked to a US online share analysis service which recently ranked Prana Biotechnology 2<sup>nd</sup> highest "in terms of Upside Potential in the Biotechnology Industry as measured by the potential gains between the current stock price and the projected average analyst target".***

6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

***The company confirms that it is in compliance with the listing rules and in particular rule 3.1.***

On Behalf of Prana Biotechnology Limited



Richard Revelins  
Company Secretary



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18 February 2011

Mr Richard Revelins  
Company Secretary  
Prana Biotechnology Limited

By email only

Dear Richard

**Prana Biotechnology Limited ("Company") - Price Query**

We have noted an increase in the price of the Company's securities from a close of 14 cents at the close of trade on Wednesday, 16 February 2011 to an intra-day high of 22 cents as at the time of writing today. We also note an increase in the volume of securities traded over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Company aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company?

Please note that as recent trading in the Company's securities could indicate that information has ceased to be confidential, the Company is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the operating result before abnormal items and income tax so that the figure for the half year ended 31 December 2010 would vary from the previous corresponding period by more than 15%? If so, please provide details as to the extent of the likely variation.

4. Is there any reason to think that the Company may record any material abnormal or extraordinary items for the half year ended 31 December 2011? If so, please provide details.

5. Is there any other explanation that the Company may have for the price change and increase in volume in the securities of the Company?

6. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by return e-mail. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than 9.30 a.m. (Melbourne time) Monday, 21 February 2011.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely

[Sent electronically, without signature]

Julia Kagan

**Senior Adviser, Listings (Melbourne)**