Prana's PBT2 Phase II trial receives funding from *Alzheimer's Drug Discovery Foundation*

Funding provided to demonstrate benefits of PBT2 in a 12 month brain imaging trial

Melbourne – 31 March, 2010: The New York based **Alzheimer's Drug Discovery Foundation (ADDF)** and **Prana Biotechnology (NASDAQ:PRAN; ASX:PBT)** today jointly announced that the ADDF will provide Prana with a mission-related investment of US$700,000 over two years to conduct a clinical trial investigating the potential of PBT2 to reduce the accumulation of beta-amyloid in the brain of people with Alzheimer's Disease (AD). Beta-amyloid is thought to be a cause of brain cell death and dementia in Alzheimer's Disease. The Phase II study will enroll 40 patients with mild AD for 12 months, with Positron Emission Tomography (PET) amyloid neuroimaging and other biomarkers as the primary outcome measures.

Howard Fillit, MD, the ADDF's Executive Director commented that "PBT2 stands out as one of the few orally available agents with clinical trial evidence of cognitive benefit for Alzheimer's patients. If this Phase II trial is successful, it will further demonstrate target engagement by PBT2 in the brain of people with Alzheimer's Disease. It is hoped that these additional data will accelerate the clinical development of PBT2 to patients".

Previously PBT2 demonstrated a significant decrease in beta-amyloid in the cerebrospinal fluid and significantly improved executive function in mild Alzheimer's Disease patients within three months of treatment*. The ADDF funded Phase II study will ask the question, 'what is happening to the amyloid burden of these patients using the same dose that previously resulted in cognitive improvements, and is this change sustainable?' Since the number of patients in the study is relatively small, cognitive function will be included as a secondary outcome measure.

"We are honored to be selected for funding by the ADDF, an organization that is internationally recognized as supporting some of the most ground breaking drug discovery and development research today in Alzheimer's Disease," said Mr. Geoffrey Kempler, Prana's Executive Chairman. "The trial will advance our understanding of PBT2's potential mechanism of action for disease modification in humans, a critical step forward that complements our strategic plan to advance PBT2 through clinical trials for the treatment of both Alzheimer's and Huntington's Disease."

The Phase II trial is planned to commence in Australia in the second half of 2011. It will recruit patients with mild Alzheimer's Disease who have demonstrated evidence of amyloid burden in the brain by PET-amyloid imaging.

*Lannfelt *et al.* Lancet Neurology (2008) vol. 7, pp. 779-86; Lannfelt *et al.* Lancet Neurology (2009) vol. 8, pp. 981.

About the Alzheimer's Drug Discovery Foundation (ADDF)
The ADDF (www.alzdiscovery.org) is the only public charity whose sole mission is to accelerate the discovery and development of drugs to prevent, treat and cure Alzheimer's Disease, related dementias and cognitive aging. Since 1998, the ADDF has granted more than $45 million to fund over 325 Alzheimer's drug discovery programs in academic centers and biotechnology companies in 17 countries.
For more information about the ADDF or to speak with Dr. Fillit, please contact Filomena Machleder at 212-901-8004 or fmachleder@alzdiscovery.org.

About Prana Biotechnology
Prana Biotechnology was established to commercialize research into age-related neurodegenerative disorders. The Company was incorporated in 1997 and listed on the Australian Securities 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 factions 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.

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