



Australian Federal Government Funds Study into neuroprotective benefits of PBT2

NHMRC grant to study role of PBT2 in preventing excitotoxicity

Melbourne - 27 October, 2011: Prana Biotechnology (NASDAQ:PRAN; ASX:PBT) today announced Associate Professor Kevin Barnham, Principal Research Fellow at The Mental Health Research Institute and Prana scientist has been awarded an NHMRC* Project Grant to study the benefits of PBT2 and other compounds in preventing excitotoxicity. The grant is entitled **“Modulating Cellular Copper Levels To Prevent The Effects Of Excitotoxicity In Neurodegenerative Diseases”**. Associate Professor Barnham is one of the co-inventors of PBT2, Prana’s lead drug in development for Alzheimer’s and Huntington’s diseases.

“This grant from the Australian Federal Government will fund scientific work to further explain how PBT2 can improve cognition in patients”, commented Geoffrey Kempler, Prana’s Executive Chairman. “We have evidence to show that excitotoxicity, a destructive phenomenon arising from excessive stimulation of brain cells, is inhibited by PBT2. Dr. Barnham’s work will expand our understanding of the molecular pathways by which PBT2 achieves its neuroprotective effects. I congratulate Dr. Barnham on his success”.

Excitotoxicity is a common feature of the brains of people affected by a variety of neurological and neurodegenerative conditions, particularly Alzheimer’s and Huntington’s diseases. It results from excessive stimulation of NMDA receptors in glutamatergic synapses by the neurotransmitter glutamate. To prevent glutamate excitotoxicity, drugs which inhibit NMDA receptor activity have been developed for use in both Alzheimer’s and Huntington’s diseases. However these drugs are indiscriminate and can have numerous side effects. In contrast, PBT2 is very specific because its interaction with biological metals in the brain, allows it to provide the metals (copper) that NMDA receptors require for healthy function to allow normal neurotransmission across synapses and healthy cognition.

This grant for \$419,925.00 will allow Dr. Barnham to extend beyond the data presented at ICAD in 2010 which showed that PBT2 is an effective inhibitor of glutamate excitotoxicity. “Given that we have already seen PBT2’s cognitive benefits in the clinic, we are pleased to receive this grant to further our understanding of PBT2’s mechanism of action”, commented Dr. Barnham. “I believe that PBT2’s action suggests it will be a very useful therapy for Alzheimer’s and Huntington’s disease patients” he added.

About Prana Biotechnology Limited

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 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.

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