UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report .....

Commission file number 000-49843

PRANA BIOTECHNOLOGY LIMITED

(Exact name of Registrant as specified in its charter
and translation of Registrant's name into English)

Australia

(Jurisdiction of incorporation or organization)

Level 2, 369 Royal Parade, Parkville, Victoria 3052, Australia

(Address of principal executive offices)

Geoffrey Kempler, Chief Executive Officer
Level 2, 369 Royal Parade, Parkville, Victoria 3052, Australia
+61 3 9349 4906 (phone) ; +61 3 9348 0377 (fax)
(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
American Depositary Shares, each representing ten Ordinary Shares	**NASDAQ Capital Market**

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Ordinary Shares, as of June 30, 2013……..381,610,426

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

This Annual Report on Form 20-F is incorporated by reference into our Registration Statement on Form S-8 (File No. 333-153669) and our Registration Statements on Form F-3 (Files No. 333-173375, 333-174278 and 333-190908).

INTRODUCTION

Prana Biotechnology Limited was incorporated under the laws of the Commonwealth of Australia on November 11, 1997. Our mission is to develop therapeutic drugs designed to treat the underlying causes of degeneration of the brain and the eye as the aging process progresses, initially focusing on Alzheimer's disease and we are currently also focusing on Huntington's and Parkinson's diseases. Other potential applications for our therapies include certain cancers, age-related macular degeneration, Motor Neuron disease, Creutzfeldt-Jakob disease (the human variant of Mad Cow disease) and age-related cataracts.

The principal listing of our ordinary shares and listed options to purchase our ordinary shares is on the Australian Securities Exchange, or ASX. Since September 5, 2002, our American Depository Receipts, or ADRs, have traded on the NASDAQ Capital Market under the symbol "PRAN." The Bank of New York, acting as depositary, issues our ADRs, each of which evidences an American Depositary Share, or ADS, which in turn represents ten of our ordinary shares. As used in this annual report, the terms "we," "us," "our" and "Prana" mean Prana Biotechnology Limited and its subsidiaries, unless otherwise indicated.

We have not obtained or applied for trademark registrations. Any trademarks and trade names appearing in this annual report are owned by their respective holders.

Our consolidated financial statements appearing in this annual report are prepared in Australian dollars and in accordance with the International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. Our consolidated financial statements appearing in this annual report comply with both the IFRS and Australian Accounting Standards.

In this annual report, all references to "U.S. dollars" or "US$" are to the currency of the United States of America, and all references to "Australian dollars" or "A$" are to the currency of Australia.

Statements made in this annual report concerning the contents of any contract, agreement or other document are summaries of such contracts, agreements or documents and are not complete descriptions of all of their terms. If we filed any of these documents as an exhibit to this annual report or to any registration statement or annual report that we previously filed, you may read the document itself for a complete description of its terms.

Except for the historical information contained in this annual report, the statements contained in this annual report are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the Private Securities Litigation Reform Act of 1995, as amended, with respect to our business, financial condition and results of operations. Such forward-looking statements reflect our current view with respect to future events and financial results. We urge you to consider that statements which use the terms "anticipate," "believe," "do not believe," "expect," "plan," "intend," "estimate," and similar expressions are intended to identify forward-looking statements. We remind readers that forward-looking statements are merely predictions and therefore inherently subject to uncertainties and other factors and involve known and unknown risks that could cause the actual results, performance, levels of activity, or our achievements, or industry results, to be materially different from any future results, performance, levels of activity, or our achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except as required by applicable law, including the securities laws of the United States, we undertake no obligation to publicly release any update or revision to any forward-looking statements to reflect new information, future events or circumstances, or otherwise after the date hereof. We have attempted to identify significant uncertainties and other factors affecting forward-looking statements in the Risk Factors section that appears in Item 3.D. "*Key Information-Risk Factors*."

TABLE OF CONTENTS

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. SELECTED CONSOLIDATED FINANCIAL DATA

We prepare our consolidated financial statements in accordance with IFRS, as issued by IASB. Our consolidated financial statements appearing in this annual report comply with both the IFRS as issued by IASB and Australian equivalents to International Financial Reporting Standards, or A-IFRS.

The following table presents our selected consolidated financial data as of the dates and for each of the periods indicated. The following selected consolidated financial data as of June 30, 2013 and 2012 and for the years ended June 30, 2013, 2012 and 2011 have been derived from our audited consolidated financial statements and notes thereto included elsewhere in this annual report. The selected consolidated financial data as of June 30, 2011, 2010 and 2009 and for the years ended June 30, 2010 and 2009 have been derived from our audited consolidated financial statements and notes thereto which are not included in this annual report.

The selected consolidated financial data set forth below should be read in conjunction with and are qualified entirely by reference to Item 5. "*Operating and Financial Review and Prospects*" and our consolidated financial statements and notes thereto included elsewhere in this annual report.

Statement of Comprehensive Income:

	Year Ended June 30,				
	2013	**2012**	**2011**	**2010**	**2009**
	(in A$, except loss per share and number of shares)				
Revenue from continuing operations	150,867	186,664	156,135	215,008	428,193
Other income	4,488,526	2,340,851	6,785	-	-
Research and development expenses, net	(7,946,005)	(4,228,719)	(2,758,381)	(666,381)	(3,027,444)
Corporate personnel expenses	(2,556,243)	(1,858,562)	(1,965,408)	(2,508,845)	(3,020,718)
Intellectual property expenses	(294,894)	(261,706)	(399,237)	(431,082)	(1,107,534)
Auditor and accounting expenses	(166,086)	(153,597)	(157,436)	(168,909)	(129,998)
Travel expenses	(131,710)	(91,624)	(159,971)	(234,555)	(195,251)
Public relations and marketing expenses	(136,186)	(124,970)	(110,646)	(130,090)	(222,679)
Depreciation expenses	(23,130)	(19,621)	(31,577)	(35,290)	(34,190)
Other expenses	(1,187,083)	(1,107,283)	(857,281)	(940,699)	(978,875)
Foreign exchange gain (loss)	140,761	45,959	(145,377)	(6,079)	(6,723)
Gain (loss) on fair value of financial liabilities	(126,059)	33,139	(8,791)	-	772,430
Net loss	(7,787,242)	(5,239,469)	(6,431,185)	(4,906,922)	(7,522,789)
Loss per share (cents per share) – basic and diluted	(2.30)	(1.82)	(2.60)	(2.16)	(3.72)
Weighted average number of ordinary shares outstanding - basic and diluted	338,700,006	287,765,812	247,578,570	227,527,388	202,357,885

Balance Sheet Data

	As at June 30,				
	2013	2012	2011	2010	2009
			(in A$)		
Cash and cash equivalents	13,346,760	5,636,469	8,838,245	5,227,298	4,304,977
Working capital	13,883,832	5,537,559	6,852,456	5,135,625	3,643,502
Total assets	17,073,821	7,341,868	9,010,952	6,801,417	4,597,250
Net assets	13,974,713	5,623,447	6,931,202	5,229,316	3,749,816
Issued capital	101,379,111	86,134,077	82,340,819	75,120,164	70,188,989
Share based payment reserves	10,526,925	9,633,451	9,494,995	8,582,579	7,127,332
Accumulated deficit during development stage	(97,931,323)	(90,144,081)	(84,904,612)	(78,473,427)	(73,566,505)
Total equity	13,974,713	5,623,447	6,931,202	5,229,316	3,749,816

Exchange Rate Information

The following tables set forth, for the periods and dates indicated, certain information regarding the rates of exchange of A$1.00 into US$ based on the noon market buying rate in New York City for cable transfers in Australian dollars as certified for customs purposes by the Federal Reserve Bank of New York, or the noon buying rate.

Year Ended June 30,	At Period End	Average Rate	High	Low
2009	0.8048	0.7480	0.9849	0.6005
2010	0.8567	0.8822	0.9405	0.7723
2011	1.0597	0.9894	1.1011	0.8323
2012	1.0161	1.0327	1.1080	0.9387
2013	0.9146	1.0273	1.0624	0.9112

Month	High	Low
April 2013	1.0581	1.0220
May 2013	1.0384	0.9527
June 2013	0.9791	0.9112
July 2013	0.9317	0.8998
August 2013	0.9232	0.8847
September 2013	0.9528	0.8893

The noon buying rate on October 18, 2013 was US$0.96 = A$1.00.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

Investing in our American Depositary Shares involves a high degree of risk and uncertainty. You should carefully consider the risks and uncertainties described below before investing in our American Depositary Shares. Additional risks and uncertainties not presently known to us or that we believe to be immaterial may also adversely affect our business. If any of the following risks actually occurs, our business, prospects, financial condition and results of operations could be harmed. In that case, the daily price of our depositary shares could decline, and you could lose all or part of your investment.

Risks Related To Our Business

We have incurred operating losses and may not be profitable in the future; our plans to maintain and increase liquidity may not be successful.

We have been unprofitable to date and expect to incur losses over the next several years as we expand our drug discovery and development programs and pre-clinical testing and as we conduct clinical trials of our product candidates. Our actual cash requirements may vary materially from those now planned and will depend upon numerous factors, including:

- the continued progress of our research and development programs;
- the timing, scope, results and costs of pre-clinical studies and clinical trials;
- the cost, timing and outcome of regulatory submissions and approvals;
- determinations as to the commercial potential of our product candidates;
- our ability to successfully expand our contract manufacturing services;
- our ability to establish and maintain collaborative arrangements; and
- the status and timing of competitive developments.

In the years ended June 30, 2013 and 2012, we raised A$3,210,069 and A$3,789,448, respectively, from the sale of our ordinary shares pursuant to our at-the-market offering facility and since June 30, 2013, we raised an additional A$7,310,115, from the sale of our ordinary shares pursuant to such facility. In addition, in the year ended June 30, 2013, we raised A$13,034,746, in private placements and through a Share Purchase Plan (SPP). However, to continue to meet our longer term business objectives, which would include advancement of our research and development programs, we will need to secure additional financing. We may also require additional funds to pursue regulatory clearances, defend our intellectual property rights, establish commercial scale manufacturing facilities, develop marketing and sales capabilities and fund operating expenses. We intend to seek such additional funding through public or private financings and/or through licensing of our assets or strategic alliances or other arrangements with corporate partners. The global economic climate could adversely impact our ability to obtain such funding, license our assets or enter into alliances or other arrangements with corporate partners. Any shortfall in funding could result in our having to curtail or cease our operations, including our research and development activities, which would be expected to adversely affect our business, financial condition and results of operations.

We have incurred losses in every period since we began operations in 1997 and reported net losses of A$7,787,242, A$5,239,469 and A$6,431,185 during the fiscal years ended June 30, 2013, 2012 and 2011, respectively. As of June 30, 2013, our accumulated deficit was A$97,931,323. We expect to continue to incur additional operating losses over at least the next several years as we expand our research and development and pre-clinical activities and commence additional clinical trials of PBT2. We may never be able to achieve or maintain profitability.

We are a development stage company at an early stage in the development of pharmaceutical products and our success is uncertain.

We are a development stage company at an early stage in the development of our pharmaceutical products which are designed to treat the underlying causes of degeneration of the brain as the aging process progresses. We have not sufficiently advanced the development of any of our products, including our current lead product candidate, PBT2, to market or generate revenues from their commercial application. Our current or any future product candidates, if successfully developed, may not generate sufficient or sustainable revenues to enable us to be profitable.

We are faced with uncertainties related to our research.

Our research programs are based on scientific hypotheses and experimental approaches that may not lead to desired results. In addition, the timeframe for obtaining proof of principle and other results may be considerably longer than originally anticipated, or may not be possible given time, resource, financial, strategic and collaborator scientific constraints. Success in one stage of testing is not necessarily an indication that the particular program will succeed in later stages of testing and development. It is not possible to predict whether any of the drugs designed for these programs will prove to be safe, effective, and suitable for human use. Each drug will require additional research and development, scale-up, formulation and extensive clinical testing in humans. Unsatisfactory results obtained from a particular study relating to a program may cause us to abandon our commitment to that program or to the lead compound or product candidate being tested. The discovery of toxicities, lack of sufficient efficacy, unacceptable pharmacology, inability to increase scale of manufacture, market attractiveness, regulatory hurdles, competition, as well as other factors, may make our targets, lead therapies or product candidates unattractive for further development or unsuitable for human use, and we may abandon our commitment to that program, target, lead therapy or product candidate. In addition, preliminary results seen in limited human testing may not be repeatable and substantiated in larger controlled clinical trials.

We may experience delays in our clinical trials that could adversely affect our business and operations.

We do not know whether planned clinical trials will begin on time or whether we will complete any of our clinical trials on schedule or at all. Our ability to commence and complete clinical trials may be delayed by many factors, including:

- government or regulatory delays, including delays in obtaining approvals from applicable hospital ethics committees and internal review boards;
- slower than expected patient recruitment;
- our inability to manufacture sufficient quantities of our new proprietary compound or our other product candidates or matching controls;
- unforeseen safety issues; and
- lack of efficacy or unacceptable toxicity during the clinical trials.

Patient enrollment is a function of, among other things, the nature of the clinical trial protocol, the existence of competing protocols, the size and longevity of the target patient population, and the availability of patients who comply with the eligibility criteria for the clinical trial. Delays in planned patient enrollment may result in increased costs, delays or termination of the clinical trials. Moreover, we rely on third parties such as clinical research organizations to assist us in clinical trial management functions including; clinical trial database management, statistical analyses, site management and monitoring. Any failure by these third parties to perform under their agreements with us may cause the trials to be delayed or result in a failure to complete the trials.

If we experience delays in testing or approvals or if we need to perform more, larger or more complex clinical trials than planned, our product development costs may increase. Significant delays could adversely affect the commercial prospects of our product candidates and our business, financial condition and results of operations.

We rely on research institutions to conduct our clinical trials and we may not be able to secure and maintain research institutions to conduct our future trials.

We rely on research institutions to conduct our clinical trials. Our reliance upon research institutions, including public and private hospitals and clinics, provides us with less control over the timing and cost of clinical trials and the ability to recruit subjects. If we are unable to reach agreements with suitable research institutions on acceptable terms, or if any resulting agreement is terminated, we may be unable to secure, maintain or quickly replace the research institution with another qualified institution on acceptable terms.

We may not be able to complete the development of PBT2 or develop other pharmaceutical products.

We may not be able to progress with the development of our current or any future pharmaceutical product candidates to a stage that will attract a suitable collaborative partner for the development of any current or future pharmaceutical product candidates. The projects initially specified in connection with any such collaboration and any associated funding may change or be discontinued as a result of changing interests of either the collaborator or us, and any such change may change the budget for the projects under the collaboration. Additionally, our research may not lead to the discovery of additional product candidates, and any of our current and future product candidates may not be successfully developed, prove to be safe and efficacious in clinical trials, meet applicable regulatory standards and receive regulatory approval, be capable of being produced in commercial quantities at reasonable costs, or be successfully or profitably marketed, either by us or a collaborative partner. The products we develop may not be able to penetrate the potential market for a particular therapy or indication or gain market acceptance among health care providers, patients and third-party payers. We cannot predict if or when the development of PBT2 or any future pharmaceutical product will be completed or commercialized, whether funded by us, as part of a collaboration or through a grant.

If we do not obtain the necessary governmental approvals, we will be unable to commercialize our pharmaceutical products.

Our ongoing research and development activities are, and the production and marketing of our pharmaceutical product candidates derived from such activities will be, subject to regulation by numerous international regulatory authorities. Prior to marketing, any therapeutic product developed must undergo rigorous pre-clinical testing and clinical trials and, to the extent that any of our pharmaceutical products under development are marketed abroad, by the relevant international regulatory authorities. For example in Australia, principally the Therapeutics Goods Administration, or TGA; the Food and Drug Administration, or FDA, in the United States; the Medicines and Healthcare products Regulatory Agency, or MHRA, in the United Kingdom; the Medical Products Agency, or MPA, in Sweden; and the European Medicines Agency, or EMEA. These processes can take many years and require the expenditure of substantial resources. Governmental authorities may not grant regulatory approval due to matters arising from pre-clinical animal toxicology, safety pharmacology, drug formulation and purity, clinical side effects or patient risk profiles, or medical contraindications. Failure or delay in obtaining regulatory approvals would adversely affect the development and commercialization of our pharmaceutical product candidates. We may not be able to obtain the clearances and approvals necessary for clinical testing or for manufacturing and marketing our pharmaceutical product candidates.

We will not be able to commercialize any current or future product candidates if we fail to adequately demonstrate their safety, efficacy and superiority over existing therapies.

Before obtaining regulatory approvals for the commercial sale of any of our pharmaceutical products, we must demonstrate through pre-clinical testing and clinical studies that our product candidates are safe and effective for use in humans for each target indication. Conducting pre-clinical testing and clinical studies is an expensive, protracted and time-consuming process. Likewise, results from early clinical trials may not be predictive of results obtained in large-scale, later-stage clinical testing. In addition, even though a potential drug product shows promising results in clinical trials, regulatory authorities may not grant the necessary approvals without sufficient safety and efficacy data.

We may not be able to undertake further clinical trials of our current and future product candidates as therapies for Alzheimer's disease, Huntington's disease, Parkinson's disease or other indications or to demonstrate the safety and efficacy or superiority of any of these product candidates over existing therapies or other therapies under development, or enter into any collaborative arrangement to commercialize our current or future product candidates on terms acceptable to us, or at all. Clinical trial results that show insufficient safety and efficacy could adversely affect our business, financial condition and results of operations.

We may need to prioritize the development of our most promising candidates at the expense of the development of other products.

We may need to prioritize the allocation of development resources and/or funds towards what we believe to be our most promising product or products. The nature of the drug development process is such that there is a constant availability of new information and data which could positively or adversely affect a product in development. We cannot predict how such new information and data may impact in the future the prioritization of the development of our current or future product candidates or that any of our products, regardless of its development stage or the investment of time and funds in its development, will continue to be funded or developed.

Our research and development efforts will be seriously jeopardized if we are unable to retain key personnel and cultivate key academic and scientific collaborations.

Our future success depends to a large extent on the continued services of our senior management and key scientific personnel. We have entered into employment or consultancy agreements with these individuals. The loss of their services could negatively affect our business. Competition among biotechnology and pharmaceutical companies for qualified employees is intense, and we may not be able to continue to attract and retain qualified management, technical and scientific personnel critical to our success. Our success is highly dependent on our ability to develop and maintain important relationships with leading academic institutions and scientists who conduct research at our request or assist us in formulating our research and development strategies. These academic and scientific collaborators are not our employees and may have commitments to, or consulting or advisory contracts with, other entities that may limit their availability to us. In addition, these collaborators may have arrangements with other companies to assist such companies in developing technologies that may prove competitive to ours.

If we are unable to successfully keep pace with technological change or with the advances of our competitors, our technology and products may become obsolete or non-competitive.

The biotechnology and pharmaceutical industries are subject to rapid and significant technological change. Our competitors in Australia and elsewhere are numerous and include major pharmaceutical companies, biotechnology firms, universities and other research institutions. These competitors may develop technologies and products that are more effective than any that we are developing, or which would render our technology and products obsolete or non-competitive. Many of these competitors have greater financial and technical resources and manufacturing and marketing capabilities than we do. In addition, many of our competitors have much more experience than we do in pre-clinical testing and human clinical trials of new or improved drugs, as well as in obtaining FDA, TGA, MHRA, MPA, EMEA and other regulatory approvals.

We know that competitors are developing or manufacturing various technologies or products for the treatment of diseases that we have targeted for product development. Some of these competitive products use therapeutic approaches that compete directly with our product candidates. Our ability to further develop our products may be adversely affected if any of our competitors were to succeed in obtaining regulatory approval for their competitive products sooner than us.

Acceptance of our products in the marketplace is uncertain, and failure to achieve market acceptance will negatively impact our business and operations.

Our current or future products may not achieve market acceptance even if they are approved by regulatory authorities including, the TGA, FDA, EMEA or any other regulatory authority. The degree of market acceptance of such products will depend on a number of factors, including:

- the receipt and timing of regulatory approvals for the uses that we are studying;
- the establishment and demonstration to the medical community of the safety, clinical efficacy or cost-effectiveness of our product candidates and their potential advantages over existing therapeutics and technologies; and
- the pricing and reimbursement policies of governments and third-party payors.

Physicians, patients, payors or the medical community in general may be unwilling to accept, use or recommend any of our products.

Our success depends upon our ability to protect our intellectual property and our proprietary technology and to operate without infringing the proprietary rights of third parties.

Any future success will depend in large part on whether we can:

- obtain and maintain patents to protect our own products and technologies;
- obtain licenses to the patented technologies of third parties;
- operate without infringing on the proprietary rights of third parties; and
- protect our trade secrets, know-how and other confidential information.

Patent matters in biotechnology are highly uncertain and involve complex legal and factual questions. Accordingly, the availability and breadth of claims allowed in biotechnology and pharmaceutical patents cannot be predicted. Any of the pending or future patent applications filed by us or on our behalf may not be approved, or we may not develop additional proprietary products or processes that are patentable or that we will be able to license any other patentable products or processes.

Our commercial success will also depend, in part, on our ability to avoid infringement of patents issued to others. If a court determines that we were infringing any third party patents, we could be required to pay damages, alter our products or processes, obtain licenses or cease certain activities. Licenses required under patents held by third parties may not be made available on terms acceptable to us or at all. To the extent that we are unable to obtain such licenses, we could be foreclosed from the development, export, manufacture or commercialization of the product requiring such license or encounter delays in product introductions while we attempt to design around such patents, and any of these circumstances could adversely affect our business, financial condition and results of operations.

We may have to resort to litigation to enforce any patents issued or licensed to us or to determine the scope and validity of third party proprietary rights. We may have to defend the validity of our patents in order to protect or enforce our rights against a third party. Third parties may in the future assert against us infringement claims or claims that we have infringed a patent, copyright, trademark or other proprietary right belonging to them. Any infringement claim, even if not meritorious, could result in the expenditure of significant financial and managerial resources and could negatively affect our profitability. While defending our patents, the scope of the claim may be reduced in breadth and inventorship of the claimed subject matter, and proprietary interests in the claimed subject matter may be altered or reduced. Any such litigation, regardless of outcome, could be expensive and time consuming, and adverse determinations in any such proceedings could prevent us from developing, manufacturing or commercializing our products and could adversely affect our business, financial condition and results of operations.

We have limited manufacturing experience with our product candidates. Delays in manufacturing sufficient quantities of such materials to the required standards for pre-clinical and clinical trials may negatively impact our business and operations.

We may not be able to manufacture sufficient quantities of our product candidates in a cost-effective or timely manner. Manufacturing includes the production, formulation and stability testing of an active pharmaceutical ingredient and its formulation into pharmaceutical products, such as capsules or tablets. Any delays in production would delay our pre-clinical and human clinical trials, which could adversely affect our business, financial condition and operations.

We may be required to enter into contracting arrangements with third parties to manufacture our product candidates for large-scale, pre-clinical and/or clinical trials. We may not be able to make the transition from laboratory-scale to development-scale or from development-scale to commercial production. We may need to develop additional manufacturing resources, enter into collaborative arrangements with other parties who have established manufacturing capabilities, or have third parties manufacture our products on a contract basis. We may not have access on acceptable terms to the necessary and substantial financing that would be required to scale-up production and develop effective commercial manufacturing processes and technologies. We may not be able to enter into collaborative or contracting arrangements on acceptable terms with parties that will meet our requirements for quality, quantity and timeliness.

We expect that we will be required to design and develop new synthetic pathways for most, if not all, of the product candidates that we currently intend to develop or may develop in the future. We cannot predict the success of such efforts, the purity of the products that may be obtained or the nature of the impurities that may result from such efforts. If we are not able to obtain an acceptable purity for any product candidate or an acceptable product specification, pre-clinical and clinical trials would be delayed, which could adversely affect the priority of the development of our product candidates, our business, financial condition and results of operations. We also cannot guarantee that the active pharmaceutical ingredient will be suitable for high throughput encapsulation to produce drug products. This may adversely impact the cost of goods or feasibility of market scale manufacture.

We are dependent upon a sole manufacturer of our lead compound, PBT2, and on a sole manufacturer to encapsulate the compound and could incur significant costs and delays if we are unable to promptly find a replacement for either of them.

At this time, we typically rely on a single manufacturer to develop Good Manufacturing Practice, synthetic processes for our lead compounds. Since 2008, our lead compound, PBT2, has been manufactured by Dr. Reddy's Laboratories Limited, based in Hyderabad, India. This manufacturer enables efficient large scale manufacture of PBT2 to provide drug substance for the current and prospective trials in Alzheimer's patients and Huntington's patients. We also rely on a sole manufacturer, Patheon Inc., to encapsulate PBT2. We intend to continue rely on these manufacturers, subject to our ongoing appraisal of our manufacturing needs and financial position. We may not be able to promptly find a replacement manufacturer, if required, without incurring material additional costs and substantial delays.

The failure to establish sales, marketing and distribution capability would materially impair our ability to successfully market and sell our pharmaceutical products.

We currently have no experience in marketing, sales or distribution of pharmaceutical products. If we develop any commercially marketable pharmaceutical products and decide to perform our own sales and marketing activities, we will require additional management, will need to hire sales and marketing personnel and will require additional capital. Qualified personnel may not be available in adequate numbers or at a reasonable cost. Further, our sales staff may not achieve success in their marketing efforts. Alternatively, we may be required to enter into marketing arrangements with other parties who have established appropriate marketing, sales and distribution capabilities. We may not be able to enter into marketing arrangements with any marketing partner, or if such arrangements are established, our marketing partners may not be able to commercialize our products successfully. Other companies offering similar or substitute products may have well-established and well-funded marketing and sales operations in place that will allow them to market their products more successfully. Failure to establish sufficient marketing capabilities would materially impair our ability to successfully market and sell our pharmaceutical products.

If healthcare insurers and other organizations do not pay for our products, or impose limits on reimbursement, our future business may suffer.

The drugs we hope to develop may be rejected by the marketplace due to many factors, including cost. The continuing efforts of governments, insurance companies, health maintenance organizations and other payors of healthcare costs to contain or reduce healthcare costs may affect our future revenues and profitability and those of our potential customers, suppliers and collaborative partners, as well as the availability of capital. In Australia and certain foreign markets, the pricing or profitability of prescription pharmaceuticals is already subject to government control. We expect initiatives for similar government control at both the state and federal level to continue in the United States and elsewhere. The adoption of any such legislative or regulatory proposals could adversely affect our business and prospects.

Our ability to commercially exploit our products successfully will depend in part on the extent to which reimbursement for the cost of our products and related treatment will be available from government health administration authorities, private health coverage insurers and other organizations. Third-party payors, such as government and private health insurers, are increasingly challenging the price of medical products and services. Uncertainty exists as to the reimbursement status of newly approved health care products and in foreign markets, including the United States. If third-party coverage is not available to patients for any of the products we develop, alone or with collaborators, the market acceptance of these products may be reduced, which may adversely affect our future revenues and profitability. In addition, cost containment legislation and reductions in government insurance programs may result in lower prices for our products and could materially adversely affect our ability to operate profitably.

We may be exposed to product liability claims, which could harm our business.

The testing, marketing and sale of human health care products also entails an inherent risk of product liability. We may incur substantial liabilities or be required to limit development or commercialization of our products if we cannot successfully defend ourselves against product liability claims. We have historically obtained no fault compensation insurance for our clinical trials and intend to obtain similar coverage for future clinical trials. Such coverage may not be available in the future on acceptable terms, or at all. This may result in our inability to pursue further clinical trials or to obtain adequate protection in the event of a successful claim. We may not be able to obtain product liability insurance in the event of the commercialization of a product or such insurance may not be available on commercially reasonable terms. Even if we have adequate insurance coverage, product liability claims or recalls could result in negative publicity or force us to devote significant time, attention and financial resources to those matters.

Breaches of network or information technology security, natural disasters or terrorist attacks could have an adverse effect on our business.

Cyber attacks or other breaches of network or information technology (IT) security, natural disasters, terrorist acts or acts of war may cause equipment failures or disrupt our research and development operations. In particular, both unsuccessful and successful cyber attacks on companies have increased in frequency, scope and potential harm in recent years. Such an event may result in our inability, or the inability of our partners, to operate the research and development facilities, which even if the event is for a limited period of time, may result in significant expenses and/or significant damage to our experiments and trials. While we maintain insurance coverage for some of these events, the potential liabilities associated with these events could exceed the insurance coverage we maintain. In addition, a failure to protect employee confidential data against breaches of network or IT security could result in damage to our reputation. Any of these occurrences could adversely affect our results of operations and financial condition.

We have been subject, and will likely continue to be subject, to attempts to breach the security of our networks and IT infrastructure through cyber attack, malware, computer viruses and other means of unauthorized access. However, to date, we have not been subject to cyber attacks or other cyber incidents which, individually or in the aggregate, resulted in a material impact to our operations or financial condition.

We may fail to maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, which could adversely affect our operating results, investor confidence in our reported financial information, and the market price of our ordinary shares and ADRs.

The Sarbanes-Oxley Act of 2002 imposes certain duties on us and our executives and directors. To comply with this statute, we are required to document and test our internal control over financial reporting. Our efforts to comply with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, governing internal control and procedures for financial reporting, have resulted in increased general and administrative expenses and a diversion of management time and attention, and we expect these efforts to require the continued commitment of significant resources. We may identify material weaknesses or significant deficiencies in our assessments of our internal control over financial reporting. Failure to maintain effective internal control over financial reporting could result in investigations or sanctions by regulatory authorities and could adversely affect our operating results, investor confidence in our reported financial information, and the market price of our ordinary shares and ADRs.

Risks Relating to Our Securities

Our stock price may be volatile and the U.S. trading market for our ADSs is limited.

The market price for our securities, like that of the securities of other pharmaceutical and biotechnology companies, has fluctuated substantially and may continue to be highly volatile in the future. During the last two fiscal years ended June 30, 2013 and subsequently until October 18, 2013, the market price for our ordinary shares on the ASX has ranged from as low as A$0.14 to a high of A$0.74 and the market price of our ADSs on the NASDAQ Capital Market has ranged from as low as US$1.40 to a high of US$6.50. The market price for our securities has been affected by both broad market developments and announcements relating to actual or potential developments concerning products under development. We believe that the following factors, in addition to other risk factors described above and elsewhere in this annual report, will continue to significantly affect the market price of our ordinary shares:

- the results of pre-clinical testing and clinical trials by us and our competitors;
- developments concerning research and development, manufacturing, and marketing alliances or collaborations by us and our competitors;
- announcements of technological innovations or new commercial products by us and our competitors;
- determinations regarding our patent applications, patents and those of others;
- publicity regarding actual or potential results relating to medicinal products under development by us and our competitors;
- proposed governmental regulations and developments in Australia, the United States and elsewhere;
- litigation;
- economic and other external factors; and
- period-to-period fluctuations in our operating results.

In addition, stock markets have experienced extreme price and volume fluctuations. These fluctuations have especially affected the stock market price of many high technology and healthcare related companies, including pharmaceutical and biotechnology companies, and, in many cases, are unrelated to the operating performance of the particular companies. Market fluctuations, as well as general political and economic conditions, such as a recession, interest rate or currency rate fluctuations, could adversely affect the market price of our securities.

Ownership interest in our company may be diluted as a result of additional financings.

We may seek to raise funds from time to time in public or private issuances of equity, and such financings may take place in the near future or over the longer term. In March 2011, we issued 27,200,000 ordinary shares and options to purchase an additional 6,800,000 ordinary shares in a private placement. In May 2011, we registered US$50,000,000 of securities for public sale pursuant to our registration statement on Form F-3 filed on May 17, 2011. In July 2011, we issued a prospectus under such registration statement providing for the sale of up to 50 million ordinary shares represented by 5 million ADSs pursuant to an "At-The-Market" facility. In August 2013 we issued a prospectus providing for the sale of up to US$47,184,000 of our ordinary shares under an amended "At-The-Market" facility. From its inception and through October 18, 2013, we issued a total of 52,409,210 ordinary shares through our "at-the-market" facility. In October 2012 and April 2013, we issued 32,500,000 and 25,641,030 ordinary shares, respectively, in private placements and in May 2013, we issued 10,370,488 ordinary shares in a share purchase plan offer. Without shareholder approval, we may not issue more than 25% of our outstanding ordinary shares in any twelve month period other than by a pro rata rights offering or a share purchase plan offer (of shares with a value at the issue price of up to A$15,000 per shareholder to a maximum of 30% of our outstanding shares) in each case to the then existing shareholders in accordance with the listing rules of the ASX. Sales of our ADRs offered through our "At-The-Market" facility and future equity offerings may result in substantial dilution to the interests of our current shareholders. The sale of a substantial number of securities to investors, or anticipation of such sales, could make it more difficult for us to sell equity or equity-related securities in the future at a time and at a price that we might otherwise wish to effect sales.

There is a substantial risk that we are a passive foreign investment company, or PFIC, which will subject our U.S. investors to adverse tax rules.

Holders of our ADRs who are U.S. residents face income tax risks. There is a substantial risk that we are a passive foreign investment company, commonly referred to as PFIC. Our treatment as a PFIC could result in a reduction in the after-tax return to the holders of our ADRs and would likely cause a reduction in the value of such ADRs. For U.S. federal income tax purposes, we will be classified as a PFIC for any taxable year in which either (i) 75% or more of our gross income is passive income, or (ii) at least 50% of the average value of all of our assets for the taxable year produce or are held for the production of passive income. For this purpose, cash is considered to be an asset that produces passive income. As a result of our substantial cash position and the decline in the value of our stock, we believe that we became a PFIC during the taxable year ended June 30, 2005, and once again qualified as a PFIC during each of the last seven fiscal years, under a literal application of the asset test described above, which looks solely to market value. We believe that we once again will be classified as a PFIC for the taxable year ended June 30, 2013. If we are classified as a PFIC for U.S. federal income tax purposes, highly complex rules would apply to U.S. holders owning ADRs. Accordingly, you are urged to consult your tax advisors regarding the application of such rules. United States residents should carefully read "Item 10.E. Additional Information - Taxation, United States Federal Income Tax Consequences" for a more complete discussion of the U.S. federal income tax risks related to owning and disposing of our ADRs.

We do not anticipate paying dividends on our ordinary shares.

We have never declared or paid cash dividends on our ordinary shares and do not expect to do so in the foreseeable future. The declaration of dividends is subject to the discretion of our Board of Directors and will depend on various factors, including our operating results, financial condition, future prospects and any other factors deemed relevant by our board of directors. You should not rely on an investment in our company if you require dividend income from your investment in our company. The success of your investment will likely depend entirely upon any future appreciation of the market price of our ordinary shares, which is uncertain and unpredictable. There is no guarantee that our ordinary shares will appreciate in value or even maintain the price at which you purchased your ordinary shares.

Risks Relating to our Location in Australia

It may be difficult to enforce a judgment in the United States against us and our officers and directors or to assert U.S. securities laws claims in Australia or serve process on our officers and directors.

We are incorporated in Australia. All of our executive officers and directors are non-residents of the United States. Therefore, it may be difficult for an investor, or any other person or entity, to enforce a U.S. court judgment based upon the civil liability provisions of the U.S. federal securities laws in an Australian court against us or any of those persons or to effect service of process upon these persons in the United States. Additionally, it may be difficult for an investor, or any other person or entity, to enforce civil liabilities under U.S. federal securities laws in original actions instituted in Australia.

As a foreign private issuer whose shares are listed on the NASDAQ Capital Market, we may follow certain home country corporate governance practices instead of certain NASDAQ requirements.

As a foreign private issuer whose shares are listed on the NASDAQ Capital Market, we are permitted to follow certain home country corporate governance practices instead of certain requirements of The NASDAQ Stock Market Rules, with regard to, among other things, the composition of the board of directors and its committees, director nomination process, compensation of officers and quorum at shareholders' meetings. In addition, we may choose to follow Australian law instead of the NASDAQ Stock Market Rules that require that we obtain shareholder approval for certain dilutive events, such as for the establishment or amendment of certain equity based compensation plans, an issuance that will result in a change of control of the company, certain transactions other than a public offering involving issuances of a 20% or more interest in the company and certain acquisitions of the stock or assets of another company. A foreign private issuer that elects to follow a home country practice instead of NASDAQ requirements must submit to NASDAQ in advance a written statement from an independent counsel in such issuer's home country certifying that the issuer's practices are not prohibited by the home country's laws. In addition, a foreign private issuer must disclose in its annual reports each such requirement that it does not follow and describe the home country practice followed by the issuer instead of any such requirement. Accordingly, our shareholders may not be afforded the same protection as provided under NASDAQ's corporate governance rules. As of the date of this report, we have not elected to follow any home country practice instead of NASDAQ requirements.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

Our legal and commercial name is Prana Biotechnology Limited. We were incorporated under the laws of the Commonwealth of Australia on November 11, 1997 and began limited operations shortly thereafter. Our registered office is located at Suite 2, 1233 High Street, Armadale, Victoria, 3143, Australia and our telephone number is 011-61-3-9824-8166. Our principal executive office is located at Level 2, 369 Royal Parade, Parkville, Victoria 3052, Australia and our telephone number is 011-61-3-9349-4906. Our website address is www.pranabio.com. The information in our website is not incorporated by reference into this annual report.

Our mission is to develop therapeutic drugs designed to treat the underlying causes of degeneration of the brain as the aging process progresses, currently focusing on Alzheimer's disease, Huntington's disease and Parkinson's' disease and other movement disorders. Other potential applications for our therapies include neurodegenerative disorders, certain cancers, age-related macular degeneration, Motor Neuron disease, Creutzfeldt-Jakob disease (the human variant of Mad Cow disease) and age-related cataracts. Our technology is the outcome of many years of intense research from some of the leading scientists in the world in the area of age-related degenerative diseases.

In August 2009, a key patent protecting our clinical drug asset PBT2 was granted by the European Patent Office, or the EPO. The patent entitled '8-Hydroxyquinoline derivatives' covers the composition of matter of selected families of 8-Hydroxyquinoline compounds, including PBT2, and the uses of such compounds for the treatment of neurological diseases, including Alzheimer's disease and Huntington's disease. The European patent has a 20-year term expiring on July 16, 2023, with a possible extension of the term of up to five additional years under supplementary protection provisions. Also in August 2009, we received a notice of allowance from the United States Patent and Trade Mark Office, or USPTO, for our key patent protecting our clinical drug asset PBT2. The patent was granted in November 2009. The U.S. patent, which is also entitled '8-Hydroxyquinoline derivatives,' covers the composition of matter of selected families of 8-Hydroxyquinoline compounds, including PBT2, and will expire on December 21, 2025. It is possible that the patent may be further extended in the future under the pharmaceutical extension of term provisions that apply in the United States. In April 2011, the Japanese Patent Office had granted the same patent, also entitled '8-Hydroxyquinoline derivatives', with the claimed subject matter encompassing compounds and pharmaceutical compositions containing PBT2 and the use of the compounds for the treatment of Alzheimer's disease. The Japanese patent will expire on July 2023 and may be eligible for pharmaceutical extension of patent term for up to a further five years. In November 2011, we received a notice of allowance from the USPTO, for our key patent protecting our product candidate for Parkinson's disease, PBT434. The patent is entitled 'Neurologically Active Compounds' and covers the composition of matter and pharmaceutical compositions of selected families of 8-hydroxy quinazolinone compounds, including PBT434. In March and April 2013, we also received a Notice of Grant from the Canadian Patent Office and European Patent Office, respectively, for our key patent protecting PBT434. The patents, which are entitled, 'Neurologically Active Derivatives' cover the composition of matter of selected quinazolinone compounds, including PBT434. These two cases also included additional granted claims to the use of the compounds for the treatment of neurodegenerative diseases.

Since inception, we have not been required to invest material amounts for capital expenditures since our development efforts have taken place at research facilities operated by institutions with which we have relationships. In the three fiscal years ended June 30, 2013, our capital expenditures have totaled A$85,121.

B. Business Overview

Prana's Background

Medical science has made a significant number of breakthroughs over the past century. The average life span in western cultures has substantially increased. The diseases associated with aging have, however, yet to be fully understood or effectively treated. It is now believed that a number of age-related diseases may be capable of being treated.

The protein believed to be involved in the toxicity associated with Alzheimer's disease is beta amyloid. Very little was known about beta-amyloid protein until 1984 when Professors Colin Masters, Konrad Beyreuther and the late Dr. George Glenner sequenced the chemistry of the protein which has since become the dominant focus of Alzheimer's disease research world-wide. In 1987, Professors Masters, Beyreuther and Rudi Tanzi of Harvard Medical School discovered how beta-amyloid was produced and in 1994, Professor Ashley Bush of Harvard Medical School discovered that the interaction between metals and beta-amyloid is associated with the toxicity seen in Alzheimer's disease, hopefully paving the way for the development of therapeutic drugs to treat the disease.

Our intellectual property has been developed over an extended period through the collaborative efforts of highly regarded scientists and research institutions in this field. The intellectual property owned by our company has been developed at several internationally recognized institutional research facilities, listed below, and through a team of scientists employed or engaged by our company who are based at the University of Melbourne:

- The Massachusetts General Hospital, Genetics and Aging Unit in Boston. Massachusetts General Hospital is the largest teaching hospital for Harvard Medical School;
- The University of Melbourne, Department of Pathology; and
- The Mental Health Research Institute in Melbourne

Work conducted at these institutions demonstrated that clioquinol, codenamed PBT1, had potential efficacy for the treatment of Alzheimer's disease. Since completing our initial public offering and listing process of our ordinary shares on the ASX on March 28, 2000, we have concentrated our resources toward the pursuit of our disease targets and creation of a chemical library of metal protein attenuating compounds, or MPACs. Our research efforts led to the development of a novel MPAC, PBT2, a low molecular weight chemical entity that demonstrates a significant pre-clinical improvement over PBT1, and currently a library of over 900 MPAC molecules in total (approximately 200 of which are of the same chemical class as PBT2 with the remaining MPACs of other chemical classes). Our research program aims to find further and potentially more effective preferred compounds for the treatment of Alzheimer's disease, as well as Huntington's disease, Parkinson's disease and other movement disorders, other neurodegenerative disorders and certain cancers.

Platform Technology and Research Programs

We regard our intellectual property as a "platform technology" since we believe that it addresses the causes of a broad spectrum of neurodegenerative and age-related diseases based on the interrelationship of metals and proteins. To date, the majority of our research efforts have been directed at research into potential therapeutics for the treatment of Alzheimer's disease, Huntington's disease and Parkinson's disease**.** Published data together with our initial findings have provided strong indications that the pathology for other certain age-related and degenerative disorders may also be based on the inter-relationship between certain metals and proteins, and we believe that the platform technology may also be applicable for: certain cancers; age-related macular degeneration; Motor Neuron disease; Creutzfeldt-Jakob disease; age-related cataracts; and other neurodegenerative diseases.

Alzheimer's disease.

PBT2 was announced as Prana's lead MPAC for Alzheimer's disease in early August 2003. PBT2 is the result of rational drug design and was built "from the ground up" to fulfill very specific criteria. It was designed so that it will be orally bioavailable and cross the blood-brain barrier. PBT2 was selected from over 300 MPAC compounds that had been developed by us at such time on the basis of its significant effectiveness in pre-clinical testing, both *in vitro* and *in vivo*. It was designed to have an improved safety and efficacy profile compared to the prototype MPAC, PBT1. Phase I trials for PBT2 were completed by February 2006 in healthy young and aged volunteers and demonstrated that the drug was well tolerated and suitable for Phase II clinical development.

In 2008, top line results for a Phase IIa clinical study were announced, including the primary endpoints of safety and tolerability being met together with several secondary endpoints in biomarker and cognition endpoints also being met. In November 2009, an erratum to the July 2008 edition of *The Lancet Neurology* journal was published that corrected the original results of the neuropsychological test battery, or NTB, arising from the Phase IIa trial. The corrected results show that the overall executive function domain of the NTB, comprising five cognitive tests, was significantly improved for those patients taking 250mg of PBT2 compared to patients on placebo, see Item 4. B. "Information on the Company - Business Overview - Clinical Trials for Our Lead Compound".

In July 2008, the results of extensive pre-clinical research findings for PBT2 were published in the journal *Neuron.* The key findings included the demonstration that PBT2 could rapidly improve cognition in transgenic mice, prevent the formation of toxic soluble Abeta oligomers, lower the Abeta levels in the brain of transgenic mice and protect neurons from the toxic effect of Abeta at the synapses between neurons enabling improved neurotransmission. In March 2009, we published further data on the impact of PBT2 on synapses in transgenic animal models. The findings demonstrated that PBT2 could prevent the loss of synapses in these Alzheimer's disease animal models, indicating that PBT2 has a potent neuroprotective effect on neurons, consistent with the observation that PBT2 can improve cognitive performance in impaired transgenic animals.

During 2009 and 2010, our scientists further examined the apparent link between aging and disease related defects due to metal imbalances in the brain. In February 2010, we reported in *The Journal of Neuroscience* on the loss of synaptic zinc uptake mechanisms in aged animal models and how this correlated with cognitive impairment. Our scientists also investigated the molecular basis for the neuroprotective qualities of PBT2 in animal models of Alzheimer's disease. They found that several important intracellular signaling pathways required for neuronal function were stimulated when animals were treated with PBT2. In March 2011, we reported in the scientific journal PLoS ONE that in the same Alzheimer's animal model where PBT2 is able to significantly improve cognition, it also caused changes in the brain anatomy. Specifically, it was observed that PBT2 treatment had significantly increased the numbers of spines on the branches (or dendrites) of neurons in the hippocampus, a memory centre affected in Alzheimer's disease. Increasing the number of spines permits many more neurons to interconnect with any particular neuron thereby increasing the brain's capacity to carry out learning and memory functions. These findings provide an insight into how PBT2 helps preserve and protect neurons in Alzheimer's disease and also in animal models of Huntington's disease.

In September 2011, new data was published on how the ability of PBT2 to transport and deliver zinc and copper in the brain contributes to mechanisms related to its anti-toxic effects of Alzehimer disease, including inhibition of beta-amyloid aggregation and promotion of the activation of GSK3 protein, an important brain protein suggested to be involved in Alzheimer disease. In addition, one of our research scientists, D. Paul Adlard, received an Australian National Health and Medical Research Council (NHMRC) grant to study the benefits of PBT2 and other compounds in age-related cognitive impairment in a program entitled, "The role of metals in healthy brain aging: identification of novel compounds to prevent age-related cognitive decline." The grant will provide an opportunity to explore the importance of metal distribution imbalances in the brain to both cognitive deficits with ageing and Alzheimer disease. Also in October 2011, our scientist and co-inventor of PBT2, Dr. Kevin Barnham, was awarded a NMHRC grant to explore how PBT2's copper binding and transport activity can inhibit brain excitotoxicity, which is the overstimulation of certain chemical neurotransmitter receptors on neurons (NMDA receptors). Excitotoxicty is a common feature in the brains of patients affected by neurodegenerative disorders such as Alzheimer's disease and Huntington's disease. In March 2012, our Chief Scientific Advisor, Professor Rudolph E. Tanzi, published an important body of work on the role of brain metals in the etiology of Alzheimer's disease, supporting Prana's therapeutic strategy. The paper was entitled, 'The Zinc Dyshomeostasis Hypothesis of Alzheimer's Disease' published in *PLoS ONE* in March 2012.

Our research into the interaction of metals with Abeta protein has resulted in the identification of agents which can block the metal binding site on Abeta thereby preventing the downstream toxicity of Abeta protein on neurons. This therapeutic approach to Alzheimer's disease is an alternative and complimentary drug strategy to our MPACs, which directly compete with Abeta protein by binding metals such as copper and zinc. Results from several proof-of-concept compounds were published in the Proceedings of the *National Academy of Sciences Journal* in May 2008. In addition to their use as Alzheimer disease therapeutics, these amyloid binding compounds may also have potential as novel imaging agents, binding Abeta in the brain. Our discovery program is generating novel forms of this alternative anti-amyloid class of compounds for testing in animal models as either therapeutic or diagnostic agents.

Metals, in particular copper, may cause Abeta protein to form specific toxic oligomers that inhibit normal neurotransmission in the brain. Accordingly, these toxic oligomers present a novel immunological target for vaccine research. Since 2004, we have undertaken a program to create a monoclonal antibody that only recognizes specific forms of the toxic Abeta oligomers and not other forms of Abeta protein. A candidate monoclonal antibody has been identified and will be tested for its efficacy and safety in a prospective mouse passive vaccine trial. However, initiation of the trial has been indefinitely delayed due to difficulties in the scale up and purification of the monoclonal antibody.

In March 2011, we announced that the New York-based Alzheimer's Drug Discovery Foundation would make a $700,000 project-based investment towards a Phase II study in 40 patients with prodromal or mild Alzheimer's disease. The primary outcome measure for this trial is the burden of amyloid in the brain as measured by brain imaging techniques and an update on the progress of this trial is provided in Item 4. B. "Information on the Company - Business Overview - Clinical Trials for Our Lead Compound".

On November 29, 2012, Dr. Robert Cherny, our company's Head of Research, presented at the symposium of the New York Academy of Sciences entitled, "Targeting Metals in Alzheimer's and Other Neurodegenerative Disease." The symposium provided an in depth review of the role metals play in the causative events leading to the neuropathology that drives Alzheimer's disease, Parkinson's disease and Huntington disease. Dr. Cherny discussed our potentially disease modifying therapeutic strategy involving the design of small molecules to restore the balance of transition metals in the brain (that are critical for neuronal function) and reduce the accumulation of aggregated target proteins.

In March 2013, Prana scientist, Associate Professor Paul Adlard, presented a paper entitled, “Metal Chaperones are novel therapeutic agents for tauopathy”. The findings presented exemplified that the ability of PBT2 to intercede in aberrant metal and target protein interactions and to correct abnormal metal distribution in the brain resulted in PBT2 being able to prevent the formation of ‘tangle like’ inclusions in neurons in a mouse model. Tau tangles are known to cause neuronal death. This work builds upon the knowledge that PBT2 can prevent the metal mediated toxic gain of function of target proteins such as Abeta and tau to form harmful aggregates in the brain. The data was generated in transgenic mouse model of tauopathy and demonstrated a significant decrease in tau tangle formation, a significant increase in cortical and hippocampal neurons and significant increase in cognitive performance as measured by the Y-maze.

Huntington's Disease.

Huntington’s disease is a crippling genetic neurodegenerative disorder of the central nervous system caused by a mutation in a gene which encodes the huntingtin protein. The disease results in progressive deterioration of physical, cognitive and emotional abilities that lead to severe incapacitation and eventually death, generally 15-25 years after the onset of the disease. Huntington’s disease primarily affects adults, usually between the ages of 30 and 50.

U.S.-based researchers have presented the effects of clioquinol in an animal model of Huntington’s disease, showing evidence of improved behavior, motor skills and inhibition of the abnormal form of the huntingtin protein. Based on these findings, we have tested several proprietary MPACs in collaboration with researchers based at the Veterans Affairs Medical Center and the Department of Neurology, University of California, San Francisco, under a collaborative research agreement. PBT2 has shown good efficacy in the R6/2 mouse model of Huntington’s disease.

In late July 2008, we received the findings from a report commissioned by us from U.S.-based clinical researchers on the suitability of PBT2 for Huntington’s disease. The report detailed the relevance of animal modeling experiments done with PBT2, its demonstrated mode of action in the brains of Huntington’s disease model mice and its promising safety and efficacy findings in the earlier Alzheimer’s disease Phase IIa study with PBT2. The report recommended that we proceed to clinical trials in Huntington’s disease research participants.

In July 2010, we presented data emerging from our research and development that the neuroprotective qualities of our lead product candidate PBT2 indicate that it may have clinical application in Huntington’s disease patients in addition to Alzheimer’s disease. At the International Conference on Alzheimer’s Disease in Hawaii, our Head of Research, Associate Professor Robert Cherny, described how PBT2 prolonged survival, increased motor strength and delayed involuntary limb clenching that otherwise presents in the transgenic mouse model of Huntington’s disease. In addition, PBT2 appears to prevent the aggregation of the hallmark toxic mutant huntingtin protein. Examination of the brains of transgenic mice revealed that PBT2 had a significant impact on preventing the degeneration of neurons, further evidencing the neuroprotective attributes of PBT2 that had been reported earlier in our work on Alzheimer’s disease.

In December 2010, our management assembled a team to develop a Phase IIa clinical trial protocol for the treatment of Huntington’s disease with PBT2. The group is comprised of leading clinical researchers from Australia and the United States, including members from the Huntington Study Group based in the United States and Australia. The team designed a six month Phase IIa clinical trial testing study most appropriate for PBT2, or the Reach2HD Trial, which includes a double blind placebo controlled study of 100 patients with early to mid-stage Huntington’s Disease. On April 30, 2012, we announced that the first patient had been dosed in the Reach2HD Trial. For additional details regarding the clinical trial in Huntington’s disease with PBT2, see Item 4.B. “Information on the Company - Business Overview - Clinical Trials for Our Lead Compound.”

In December 2012, we announced the publication of the paper entitled, "PBT2 extends lifespan, reduces striatal atrophy and improves motor performance in a transgenic mouse model of Huntington's disease" in the Journal of Huntington's Disease. This paper describes how PBT2 significantly improved functional performance of the mice in the R6/2 model as a consequence of the neuroprotective properties of PBT2 by regulating certain metal mediated events in the brain. The work underpins the ongoing Reach2HD trial in Huntington disease patients.

Parkinson's Disease.

Parkinson's disease, another crippling disease of the aging population, causes a progressive slowing of movement, tremors and the loss of fine motor control due to the death of *substantia nigra* cells in the brain. The *substantia nigra* cells produce the neurotransmitter dopamine in the brain, which is required for normal motor coordination. Increasingly, dementia is also being recognized as a significant component of Parkinson's disease. Existing therapies, such as dopaminergic agents, may provide some short-term symptomatic relief, but do not address the underlying cause of the disease. We believe that our platform technology may affect the aggregation of the proteins concerned and may provide a pathway for reversing the disease. Parkinson's disease ranks among the most common late life neurodegenerative diseases.

During 2005, we entered into a contractual arrangement with the Integrative Neuroscience Facility based at the Howard Florey Institute in Melbourne to assist in the examination of the effect of MPACs administered to the 6-hydroxydopamine (PD) mouse model of the disease, which concluded with positive results. In addition, groups unrelated to us have published data that demonstrates the usefulness of clioquinol in treating the symptoms of Parkinson's disease generated in the alternative MPTP (1-methyl-4-phenyl-1,2,3,6-tetrahydropyridine) mouse model of the disease. These two mouse models mimic the disease by using these toxins to destroy over time the cells of the *substantia nigra*, the area of the brain affected in Parkinson's disease, leading to motor function loss. We began investigating the efficacy of selected MPACs in these two models to screen for possible MPAC candidates as treatment candidates for Parkinson's disease and identified six potential compound leads. During 2009 and 2010, a lead Parkinson's disease treatment candidate emerged, PBT434. PBT434 demonstrated significant improvement in models motor function and coordination in both models. As this improvement was observed when the candidate compound was administered after toxins had destroyed significant amounts of *substantia nigra* tissue, the findings indicates that the compound can restore and maintain normal neuronal function.

In September 2010, we selected PBT434 as a new novel lead drug candidate with potential to be developed as a disease modifying treatment for Parkinson's disease. During 2011, further mechanistic characterisation work was undertaken, and it was demonstrated that PBT434 reduces the accumulation of the target protein in Parkinson's disease and alpha-synuclein, and elevates the levels of the neuroprotective protein, DJ-1, which helps to modulate and reduce oxidative stress in neurons.

In August 2011, the New York-based Michael J. Fox Foundation awarded us a $206,000 grant entitled, 'PBT434, a Novel Neuroprotective Drug For Parkinson's Disease; Completion of Pre-Clinical Studies to Enable Human Clinical Trials.' The research supported by this grant has included various preclinical toxicology studies which were all successful, a clear genotoxicity report and successful safety pharmacology studies - allowing the compound to be positioned for larger scale animal toxicology studies prior to commencing clinical trials. The next step, to investigate the maximum tolerated dose in animals, is underway with PBT434.

In November 2012, Prana scientists, Associate Professor Robert Cherny, Prana's Head of Research and Associate Professor David Finkelstein, Head of the Synaptic Neurobiology laboratory at the Florey Institute of Neuroscience and Mental Health, received an Australian National Health and Medical Research Council (NHMRC) grant to study the benefits of PBT434 in a program entitled, "Identifying the mechanisms of action of a novel 8-hydroxy quinazolinone in models of Parkinson's disease." The program will help elucidate some of the innate mechanisms of action of PBT434.

In June 2013, Prana's science was highlighted at the 17th Movement Disorders Congress of Parkinson's Disease and Movement Disorders, in Sydney, Australia. Professor Colin Masters, Director of The Mental Health Research Institute at the Florey Institute of Neuroscience and Assoc. Professor David Finkelstein, Head of the Parkinson's Disease Laboratory also at the Florey presented data showing that PBT434 is able to prevent the aggregation of alpha synuclein protein target in Parkinson's and other movement disorders. The ability of PBT434 to reduce alpha synuclein has highlighted the opportunity for PBT434 to be investigated in other movement disorders characterized by the over expression alpha synuclein including the orphan indication of multiple system atrophy a relatively rare 'atypical parkinsonian' indication.

Brain Cancer.

We have initiated a program of research into the potential use of selected MPACs from our library for use in the treatment of brain cancer, in particular the most prevalent and deadly form of the disease, Glioblastoma Multiforme, or GBM. Patients with GBM have a very poor prognosis upon diagnosis with an estimated median survival of approximately 12 months. The most commonly prescribed treatments are chemotoxic agents together with radiation therapy, which confer a median survival increase of several months. There is an increasing body of published evidence that there are elevated levels of copper in tumors leading to increased cellular oxidative stress. Several of our MPACs that demonstrate potent toxicity against human gliomablastoma cell lines and yet remain untoxic to normal brain cells are being tested in mouse models of GBM. We believe that MPACs with a strong ability to deliver copper into tumor cells will promote their death, and we are currently investigating this *in vivo*.

In September 2009, we received a report on a study conducted on PBT519, our lead brain cancer MPAC, by the Royal Melbourne Hospital. The report showed that PBT519 was able to significantly prevent the growth of the tumors of the deadly GBM form of brain cancer in mouse models of the disease. Moreover, PBT519 appeared to be very well tolerated and was at least as efficacious as the current leading form of chemotherapy, temozolomide. The data indicates that PBT519 may work synergistically with temozolomide in reducing the growth of such brain tumors. Our researchers are generating mechanistic information on the behaviour of this compound and generating other structurally related MPACs with potential anti-cancer activity. During 2012 and 2013, prospective candidate compounds were submitted to the National Institutes for Cancer in the National Institutes of Health and the Department of Health and Human Services based in Bethesda, Maryland.

Clinical Trials for Our Lead Compound

In February 2005, we were awarded a research and development START grant of A$1.35 million to take PBT2 through safety testing and Phase I clinical trials for Alzheimer's disease. Formal pre-clinical toxicology testing for PBT2 was completed and in March 2005, we commenced a series of Phase I clinical trials at a facility associated with the Utrecht University Hospital in Utrecht, the Netherlands. In November 2005, we successfully completed the first Phase I trial for PBT2, a double blind, placebo-controlled single dose escalation study, conducted on 55 healthy male volunteers between the ages of 18 and 50, which was designed to evaluate the safety, tolerability and pharmacokinetics of PBT2. Data from the study showed that PBT2 was well tolerated with little difference in the incidence of adverse events between those receiving PBT2 and those receiving the placebo. Additionally, the pharmacokinetic analysis demonstrated that the drug exposure increased/decreased predictably and in a linear manner, both of which are desirable characteristics for a central nervous system drug.

In February 2006, we completed the second Phase I safety clinical trial for PBT2. This trial was a multi-dose escalation trial of PBT2 conducted in elderly, healthy male and female volunteers completed in December 2005. Volunteers were dosed at a selected dose for seven days; the dose range was from 200mg to 800mg per day. Both Phase I trials demonstrated that PBT2 was well tolerated and suitable for progression to Phase II trials in patients with Alzheimer's disease.

In February 2008, we reported the top line results of our three month double-blind, placebo-controlled safety and tolerability Phase IIa study of PBT2 in 80 elderly male and female patients with mild forms of Alzheimer's disease. We announced that the trial primary endpoints of safety and tolerability were met and we also announced that with respect to the secondary endpoints, namely biomarker, cognition and behavioral changes, several significant and promising changes were observed. Specifically, that in the cerebrospinal fluid (CSF), PBT2 treatment at a 250mg dose resulted in a significant decrease in the target Abeta 42 protein. In addition, at the 250mg dose, while no significant effect was observed with the ADAS-cog, two of the five NTB tests for improvement in executive function were significantly improved. In July 2008, the results of the Phase IIa trial were published in *The Lancet Neurology* journal.

In November 2009, an erratum to the July 2008 edition of *The Lancet Neurology* journal was published that corrected the original results of the NTB cognitive findings arising from the Phase IIa trial. The corrected results show that in addition to the two measures of executive cognitive function found to be significantly improved, the overall executive function domain of the NTB, comprising five cognitive tests, was significantly improved for those patients taking 250mg of PBT2 compared to patients on placebo. In April 2010, we published an analysis of the responses of individual patients treated with PBT2 in the Phase IIa clinical trial in the *Journal of Alzheimer's Disease*. The analysis demonstrated that there was a significant probability that any patient that showed cognitive executive function improvement in the trial was being treated with 250mg of PBT2. Moreover, 81% of patients on the 250mg dose of PBT2 responded better on the executive function of the NTB score than the best performing patient on placebo. Improvement in ADAS-cog, a measure of memory and cognition, was observed with patients treated with 250mg of PBT2, almost reaching statistical significance by 12 weeks of the Phase IIa trial. The corrected cognitive data from the Phase IIa trial together with the additional analysis provides strong evidence of the ability of PBT2 to improve cognitive executive function as measured by the NTB.

Also in November 2009, Prana presented its pre-clinical and clinical information package on PBT2 to the FDA in accordance with the Pre-Investigational New Drug, or IND, Consultation Program. The meeting provided useful guidance on possible steps to take to open an IND Application with the FDA to undertake clinical trials in the United States in Alzheimer's disease or Huntington's disease. The meeting provided us with important information to help form our regulatory strategy for the development of PBT2 in these neurological indications.

During the first half of 2010, we developed a Phase IIb trial protocol to test PBT2 in a Phase II trial in patients with Alzheimer's disease under the guidance of an international protocol steering committee. The protocol provided for a substantial trial measuring the effects of PBT2 on cognition and functional abilities in patients with mild to moderate Alzheimer's disease. At that time, the trial was not progressed in favour of other clinical development strategic options. In November 2011, we announced the approval from the Austin Health Research Ethics Committee based at the Austin Hospital Melbourne, to commence a 12 month Phase II imaging trial with PBT2 in patients with prodromal or mild Alzheimer disease. The study is being supported in part by a grant of US$700,000 from the New York based Alzheimer's Drug Discovery Foundation, or ADDF. The trial entails forty patients treated for twelve months with either 250mg PBT2 or a placebo. The trial is designed to investigate the effect of PBT2 on a patient's amyloid burden in the brain as measured by Positron Emission Tomography imaging (PET), brain metabolic activity as measured by F-18-fluorodeoxyglucose, FDG - PET and brain volume by Magnetic Resonance Imaging, or MRI. As the Phase IIa trial demonstrated significant changes in cognitive executive function in twelve weeks, this trial will look at such cognitive domains over a twelve month period in this patient group. In December 2011, patient screening commenced for the imaging trial and was given the study name "IMAGINE." The first patient was enrolled in March 2012 and we completed enrolment by the end of the calendar year 2012. This trial is on target to be completed by the end of 2013 and we expect to report results in first quarter 2014. With the first patients successfully completing the 12 month IMAGINE trial, Prana sought approval for an open label 12 month extension study through the Austin Health Human Research Ethics Committee and was granted that approval early July 2013. All patients in the extension study, whether originally assigned placebo or 250mg per day PBT2 on the IMAGINE study, will receive 250mg per day. At the end of the extension study all participants will have a PET scan to determine the amyloid burden, brain activity and volumetric changes through MRI. In addition, cognitive and functional measures will be assessed. Accordingly this trial will permit long term effects with PBT2 administration to be studied over either 24 or 12 months.

In addition to the current activities to initiate an imaging trial in Alzheimer's patients, in late 2012 we finalized the enrolment to a Phase II trial to test PBT2 in patients with Huntington's disease. The trial, known as "Reach2HD", is being undertaken under an open IND application through the FDA and is being conducted in clinical sites across the United States and Australia. The Phase IIa trial design entails a double blind placebo controlled study of 109 patients with early to mid-stage Huntington Disease. The trial will investigate the effect of PBT2 on cognition, behaviour, functional capacity, motor effects and safety and tolerability measures. In addition, an exploratory arm of the study, under the guidance of the co-Principal Investigator of the study, Professor Diana Rosas, will involve MRI brain imaging to undertake iron mapping in a patient's brain. Professor Rosas has published that iron and other metals change in concentration and distribution in the brain with increasing severity of the condition. This study is the first clinical trial with PBT2 in this patient population. We completed the study at the end of July 2013 and project reporting out in early 2014, a delay from the fourth quarter reporting of results that was previously anticipated. The decision to delay reporting permits additional time for us to reconcile data inconsistencies between the source data and the database prior to database lock. This 'cleaning' of clinical trial data is a normal and necessary process to ensure database integrity ahead of executing the statistical analysis on the data contained in the locked database. One of the steps to ensure database integrity being undertaken is the re-entry of the original source data from all of the sites into a database and checking the veracity of the data within the database. We believe this is a prudent step as we prepare for an end of Phase II meeting with the FDA during 2014.

Both the Reach2HD and the IMAGINE clinical trials are conducted under the governance of independent Data Safety Monitoring Boards, or DSMBs. A DSMB is an independent group of experts who review the accumulated safety data in ongoing clinical trials, in order to safeguard the interests and safety of participating patients. During the conduct of the trials to date, the respective DSMB's have met and maintained their recommendation to continue the protocols as planned.

Rational Drug Design

Rational drug design employs experiment-based models, which target the molecular composition of various substances (in the case of Alzheimer's disease the beta-amyloid protein) to allow the design of new chemical entities with the propensity to influence targeted substances and processes. In the case of MPACs, the targeted substances believed important are proteins and metals and the process of specific interest is believed to be metal-mediated oxyradical formation which leads to neurodegenerative changes.

Our medicinal chemistry program, previously based at laboratories leased from The University of Melbourne, was transferred in October 2009 to a laboratory leased from The University of Melbourne's Bio21 Molecular Science and Biotechnology Institute, which is a multidisciplinary research center that specializes in medical, agricultural and environmental biotechnology. Accommodating more than 500 research scientists, students and industry participants, the Bio21 Institute is one of the largest biotechnology research centers in Australia.

To date, our scientists have developed a pipeline of compounds across multiple chemical classes that target the interaction of specific metals and certain aggregating proteins such as beta-amyloid. Compounds continue to be designed, synthesized and undergo the required early phase pre-clinical screening before they are available for human testing. Based on the results of initial screening, our medicinal chemists continue to develop new chemical entities with novel design features and we believe that rational drug design will provide new and specifically designed drugs which will display efficacy in disaggregating aggregation-prone proteins such as beta-amyloid, α-synuclein and huntingtin, paving the way for future therapeutics.

A series of *in vitro* assays have been established to screen compounds developed by our medicinal chemistry group. From early 2002, a program was initiated by our medicinal chemistry group to undertake preliminary *in vivo* pharmacology and kinetic studies of the new compounds demonstrating activity in the *in vitro* screens. We perform *in vivo* modeling for our lead compound candidates for Alzheimer's disease with transgenic mice expressing a similar phenotype to human Alzheimer's disease. Similarly, a transgenic mouse carrying a mutated Huntingtin gene is used to model Huntington's disease and mice treated with neuronal toxins to produce the Parkinson's phenotype are used to model Parkinson's disease. Based on the results of these studies, lead compounds are selected by our medicinal chemistry group for formal pre-clinical studies. Data generated by these *in vitro* and *in vivo* screens are incorporated into our medicinal chemistry program to further refine development strategies for new compounds.

PBT2, our current Alzheimer's and Huntington's disease lead MPAC product candidate and PBT434 our candidate lead compound for Parkinson's disease and movement disorders were selected from this "rationally designed" pipeline. Both compounds have been built "from the ground up" to fulfill very specific criteria such as oral bioavailability and ability to cross the blood-brain barrier. PBT2 and PBT434 were selected from several hundred compounds and have demonstrated significant effectiveness in both pre-clinical *in vitro* and *in vivo* testing. For details regarding our PBT2 clinical trials see above in this Item 4.B. "Information on the Company - Business Overview - Clinical Trials for Our Lead Compound."

Patents and Licenses

Patent Matters

Patent matters in biotechnology are highly uncertain and involve complex legal and factual questions. Accordingly, the availability and breadth of claims allowed in biotechnology and pharmaceutical patents cannot be predicted. Statutory differences in patentable subject matter may limit the protection we can obtain on some or all of our inventions outside Australia or prevent us from obtaining patent protection outside Australia, either of which could adversely affect our business, financial condition and results of operations. For example, methods of treating humans are not patentable in many countries outside Australia and the United States. Moreover, since patent applications are not published until at least 18 months from their first filing date and the publication of discoveries in the scientific literature often lags behind actual discoveries, we cannot be certain that we or any of our licensors were the first creator of inventions covered by pending patent applications or that we or our licensors were the first to file patent applications for such inventions. Additionally, the grant and enforceability of a patent is dependent on a number of factors that may vary between jurisdictions. These factors may include the novelty of the invention, the requirement that the invention not be obvious in the light of prior art (including prior use or publication of the invention), the utility of the invention, and the extent to which the patent clearly describes the best method of working the invention.

While we intend to seek patent protection for our therapeutic products and technologies, we cannot be certain that any of the pending or future patent applications filed by us or on our behalf will be approved, or that we will develop additional proprietary products or processes that are patentable or that we will be able to license any other patentable products or processes. We also cannot be certain that others will not independently develop similar products or processes, duplicate any of the products or processes developed or being developed by us or licensed to us, or design around the patents owned or licensed by us, or that any patents owned or licensed by us will provide us with competitive advantages. Furthermore, we cannot be certain that patents held by third parties will not prevent the commercialization of products incorporating the technology developed by us or licensed to us, or that third parties will not challenge or seek to narrow, invalidate or circumvent any of the issued, pending or future patents owned or licensed by us.

Our commercial success will also depend, in part, on our ability to avoid infringement of patents issued to others. If a court of competent jurisdiction determines that we were infringing any third party patents, we could be required to pay damages, alter our products or processes, obtain licenses or cease certain activities. We cannot be certain that the licenses required under patents held by third parties would be made available on terms acceptable to us or at all. To the extent that we are unable to obtain such licenses, we could be foreclosed from the development, export, manufacture or commercialization of the product requiring such license or encounter delays in product introductions while we attempt to design around such patents, and any of these circumstances could adversely affect our business, financial condition and results of operations.

We may have to resort to litigation to enforce any patents issued or licensed to us or to determine the scope and validity of third party proprietary rights. Such litigation could result in substantial costs and diversion of effort by us. We may have to participate in opposition proceedings before the Australian Patent and Trademark Office or another foreign patent office, or in interference proceedings declared by the United States Patent and Trademark Office, to determine the priority of invention for patent applications filed by competitors. Any such litigation, interference or opposition proceeding, regardless of outcome, could be expensive and time consuming, and adverse determinations in any such proceedings could prevent us from developing, manufacturing or commercializing our products and could adversely affect our business, financial condition and results of operations.

In addition to patent protection, we rely on unpatented trade secrets, know-how and other confidential information as well as proprietary technological innovation and expertise that are protected in part by confidentiality and invention assignment agreements with our employees, advisors and consultants.

Patent Portfolio

The following table presents our portfolio of patent and patents applications, including their status and a brief description of the respective inventions.

Or Patent	Status	Invention
"Beta amyloid peptide inhibitors" Filed: July 21, 2000 Applicant: Biomolecular Research Institute and University of Melbourne Assigned to Prana Biotechnology Limited	Patents have been Granted in the USA, Canada and Australia.	The invention encompasses claims to specific classes of metallocomplex agents capable of inhibiting binding of specified metal ions to the N-terminus of beta-amyloid and the use of these agents in the treatment of amyloid related conditions including Alzheimer's Disease.
"Neurotoxic Oligomers" Filed: June 28, 2000 Applicants: Prana Biotechnology Limited and The General Hospital Corporation	Patents have been Granted in Australia, New Zealand, China and the USA (2). Applications are under examination in Canada and Japan. A case has been Granted in Europe and has been validated in separate countries.	The invention is directed to an immunotherapy strategy using or targeting tyrosine cross-linked protein aggregates. The approach may be used in the treatment of Alzheimer's Disease and other amyloid related conditions.
"8-Hydroxyquinoline Derivatives" Filed: July 16, 2003 Applicant: Prana Biotechnology Limited	Patents in Europe, the USA, New Zealand, Canada, Japan, Russia, Singapore, South Korea, Australia, Israel, China, Mexico and South Africa have been Granted. A patent in Hong Kong has been registered. Applications in India, Brazil and USA (Divisional) are under examination.	The invention is directed to chemical scaffolds of the 8-Hydroxyquinoline MPAC class and their utility in the treatment of neurological conditions.
"Neurologically-Active Compounds" Filed: October 3, 2003 Applicant: Prana Biotechnology Limited	Patents in the USA, New Zealand, Canada, Japan, Mexico, India, Australia, South Korea, South Africa and Singapore have been Granted. A patent in Europe has been Accepted and is undergoing Validation. Applications in China, USA (divisional), Brazil, Japan and Israel are under examination. A patent in Hong Kong has been registered.	The invention is directed to alternative MPAC chemical structures and their utility in the treatment of neurological conditions.

"Neurologically- Active Compounds" Filed: April 1, 2005 Applicant: Prana Biotechnology Limited	Patents have been Granted in Singapore, Japan, Mexico, Russia, Australia, the USA, China, Canada, Europe, India, Sth Korea, New Zealand and South Africa. Applications in Israel and Brazil are under examination. A patent in Hong Kong has been registered.	The invention is directed to 'F4' MPAC chemical structures and their utility in the treatment of neurological conditions and includes Parkinson's Disease lead compounds.
"Use of Clioquinol for the treatment of Alzheimer's Disease" Filed: February 13, 1998 Applicant: Prana Biotechnology Limited	A Patent has been Granted in the USA.	This invention is directed to the use of clioquinol for the treatment of Alzheimer's Disease.
"Pharmaceutical compositions of Clioquinol with B12 for therapeutic use" Filed: February 13, 1998 Applicant: Prana Biotechnology Limited.	A patent has been Granted in the USA.	This invention is directed to clioquinol pharmaceutical compositions comprising B12.
"Use of Clioquinol for the treatment of Parkinson's Disease" Filed: February 13, 1998 Applicant: Prana Biotechnology Limited.	A patent has been Granted in the USA.	This invention is directed to the use of clioquinol for the treatment of Parkinson's Disease.
"Method of treatment and prophylaxis and agents useful for same" Filed: April 13, 2007 Applicant: Prana Biotechnology Limited	Patents have been Granted in Australia, Singapore, Europe, Japan, China and New Zealand. An application has been Accepted in South Africa. Applications are under examination in Israel, Canada, the USA, South Korea, India and Brazil. Patents only directed to F4 type chemical structures have been allowed to lapse.	This invention was originally filed to claim the use of MPAC compounds for the treatment of Age related Macular Degeneration. The case has since been divided into two separate applications that each contain composition of matter claims on two different chemical scaffolds.
"A method of prophylaxis or treatment and agents for same". Filed: June 22, 2007 Applicant: Prana Biotechnology Limited	A patent has been Granted in the USA. Applications have been Accepted in Australia and Canada. Applications are under examination in, China, Europe and Japan.	This invention is directed to novel MPAC compounds and compounds for treating certain brain cancers.

"Compounds for therapy and diagnosis" Filed: December 5, 2008 Applicant: Prana Biotechnology Limited	Patents have been Granted in New Zealand, USA and Australia. Remaining applications in Canada, Europe and Japan are under examination	This invention is directed to anti-amyloid angular metallocomplex compounds for the treatment of Alzheimer's Disease.
"Processes for the preparation of 8-Hydroxy quinoline Derivatives" Filed: 4 January 2013 Applicant: Prana Biotechnology Limited	An Australian provisional application has been refiled.	This invention is directed to synthetic routes for 8-Hydroxyquinoline Derivatives.
"Quinazolinone compounds" Filed: 24 December 2008 Applicant: Prana Biotechnology Limited	Applications in Australia, Europe, Japan and the USA are undergoing prosecution.	This invention is directed to novel MPAC compounds and to selected MPAC's used in the treatment of Parkinson's Disease.

Patents and License Agreements

On February 8, 2000, we entered into a patent assignment and intellectual property licensing agreement with The Biomolecular Research Institute, or BRI, under which two patent applications were assigned to us. One is an international patent application (PCT application) entitled 'Beta-Amyloid Peptide Inhibitors' which is granted in Australia, Canada and in the United States and in prosecution in Europe and Japan. The invention is directed to compounds which block the metal binding site on Beta-Amyloid. The technologies or products that may arise from this invention include metallo-based compounds as therapeutics or preventative treatments for Alzheimer's disease. The other patent entitled 'Method of Screening for inhibitors of Alzheimer's Disease,' an Australian provisional application that matured into a patent application in the United States, was allowed to lapse in the second half of 2009. In consideration of the assignment of the patents, we are required to pay BRI a royalty of 1.5% on the net invoiced price of products sold utilizing such patents. In addition, we must also pay the lesser of 1.5% of the net invoice price of products sold or 10% of royalties received from any licensee or sub-licensee we appoint to utilize such patents, or a minimum of A$2,000 a year. If the patent rights are assigned before a total of A$20,000 has been paid as royalties, the difference between the royalties paid and A$20,000 must be paid to BRI. To date, we paid a total of $350,000 under the agreement, all of which amount was paid in 2000. On September 10, 2007, we, BRI and the Commonwealth Scientific and Industrial Research Organization, or CSIRO, executed an Assignment and Novation Deed under which BRI assigned to CSIRO all of its rights and obligations under the patent assignment agreement, including entitlement to royalties.

On January 1, 2001, we entered into a license agreement with the General Hospital Corporation, or GHC, at Massachusetts General Hospital, under which we licensed from GHC certain patents. The agreement was subsequently amended on August 8, 2001 and March 15, 2004. Under the agreement, as amended, the license for a particular patent expires at the end of the term of the patent rights under the respective patent. In general, the anticipated patent expiration date is 20 years from the filing date of the respective patent application. Under the agreement, we agreed to pay GHC a total of U.S.$166,590 in monthly installments over a 30 month period beginning January 1, 2001 and U.S.$182,000 in monthly installments over a 30 month period beginning August 1, 2001 for the right to use the results of research under the license agreement. Such obligations have been satisfied by us in full, and we hold the rights under the license. We currently retain a license under the agreement with GHC for the patent 'Neurotoxic Oligomers.' This international patent application (PCT application) was filed on June 28, 2000 and matured into national phase prosecution in Canada, China, Europe, Japan and the United States. Patents have been granted in Europe, Australia and New Zealand to both active vaccines and the use of antibodies as a passive vaccine for Alzheimer's disease. A patent has also been granted in the United States containing claims to an active vaccine and a further divisional patent has been allowed in the United States that contains claims to antibodies as a passive vaccine for Alzheimer's disease. The patent is expected to expire on June 28, 2020. The invention is directed to a novel target for an Alzheimer's disease vaccine. The technologies or products that may arise from this invention include toxic dimerized full length or fragments of beta-amyloid as active vaccines for Alzheimer's disease or antibodies to these beta-amyloid fragments as passive vaccines for Alzheimer's disease. The license provides for potential payments to GHC of an aggregate U.S.$1.5 million, in accordance with the following milestones: (i) U.S.$500,000 upon the submission of a registration dossier in the United States or Europe; and (ii) U.S.$1.0 million upon the first approval of a product arising from the invention. The milestones have not been met to date.

Competition

We believe that we will face competition in differing levels of intensity in all of the areas in which we are conducting research. Our competitors, which are located worldwide, are numerous and include, among others, major pharmaceutical companies, biotechnology firms, universities and other research institutions. These competitors may develop technologies and products that are more effective than any that we are developing, or which would render our technology and products obsolete or non-competitive. Many of these competitors have greater financial, research and screening capabilities, technical resources and manufacturing and marketing capabilities than we do. In addition, many of our competitors have much more experience than we do in pre-clinical testing and human clinical trials of new or improved drugs, as well as in obtaining FDA, TGA and other regulatory approvals.

Regulatory Considerations

Our ongoing research and development activities are, and the production and marketing of our pharmaceutical product candidates derived from those activities will be, subject to regulation by human research ethics committees and institutional research boards, as well as numerous governmental authorities in Australia, principally the TGA, the FDA in the United States, the MHRA in the United Kingdom and the EMEA. Prior to marketing, any therapeutic product developed must undergo rigorous pre-clinical testing and clinical trials, as well as an extensive regulatory approval process mandated by the TGA and, to the extent that any of our pharmaceutical products under development are marketed abroad, by foreign regulatory agencies, including the FDA, EMEA and MHRA.

Clinical trials can take many years to complete and require the expenditure of substantial resources. The length of time varies substantially according to the type, complexity, novelty and intended use of the product candidate. We cannot make any assurances that once clinical trials are completed by us or a collaborative partner, we will be able to submit as scheduled a marketing approval request to the applicable governmental regulatory authority, or that such request and application will be reviewed and cleared by such governmental authority in a timely manner, or at all. Although we intend to make use of fast-track and abbreviated regulatory approval programs when possible and commercially appropriate, we cannot be certain that we will be able to obtain the clearances and approvals necessary for clinical testing or for manufacturing and marketing our pharmaceutical products candidates. Delays in obtaining regulatory approvals could adversely affect the development and commercialization of our pharmaceutical product candidates and could adversely impact our business, financial condition and results of operations.

During the course of clinical trials and toxicology studies, product candidates may exhibit unforeseen and unacceptable drug-related toxicities or side effects. If any unacceptable toxicities or side effects were to occur, we may, or regulatory authorities may require us to, interrupt, limit, delay or abort the development of our potential products. In addition, unacceptable toxicities could ultimately prevent the clearance of our product candidates by human research ethics committees, institutional research boards, the TGA, EMEA, FDA or other regulatory authority for any or all targeted indications. Even after being cleared by a regulatory authority, any of our products may later be shown to be unsafe or not to have its purported effect, thereby preventing widespread use or requiring withdrawal from the market. We cannot make any assurances that PBT2, PBT434 or any other development or product candidate will be safe or effective when administered to patients.

Manufacturing and Raw Materials

Our lead compound, PBT2, is manufactured by Dr. Reddy's, based in Hyderabad, India. At this time, we are relying on this manufacturer to enable future and efficient large scale manufacture of PBT2 to provide drug substance for the current and prospective trials in Alzheimer's patients and Huntington's patients. At this time, we also rely on a sole manufacturer, Patheon, to encapsulate PBT2. We intend to continue this approach, subject to ongoing appraisal of our manufacturing needs and financial position.

We cannot make any assurances that we will be able to manufacture sufficient quantities of PBT2 or any other development or product candidate in a cost-effective or timely manner. Any delays in production would delay our pre-clinical and human clinical trials, which could adversely affect our business, financial condition and results of operations. We also cannot make any assurances that we will be able to enter into collaborative or contracting arrangements on acceptable terms with third party manufacturers that will meet our requirements for quality, quantity and timeliness.

We expect that we will be required to design and develop new synthetic pathways for most, if not all, of the products that we currently intend to develop or may develop in the future. We cannot predict the success of such efforts, the purity of the products that may be obtained or the nature of the impurities that may result from such efforts. If we are not able to obtain an acceptable purity for any product candidate or an acceptable product specification, pre-clinical and clinical trials would be delayed, which could adversely affect the priority of the development of our product candidates, our business, financial condition and results of operations. We cannot guarantee that it will be possible to scale up new synthetic processes to provide sufficient API for clinical drug trials, which could indefinitely delay the initiation of clinical trials utilizing API. We also cannot guarantee that the API will be suitable for high throughput encapsulation to produce drug product. This may adversely impact the cost of goods or feasibility of market scale manufacture.

C. ORGANIZATIONAL STRUCTURE

We have two wholly-owned subsidiaries, Prana Biotechnology Inc. and Prana Biotechnology UK Limited, incorporated in the United States and the United Kingdom, respectively, both of which are currently inactive.

D. PROPERTY, PLANTS AND EQUIPMENT

Our executive offices are located at 369 Royal Parade, Parkville, Victoria 3052, Australia, where we occupy approximately 3,800 square feet. The lease for the facility, which expires on October 31, 2014, has an annual rent of A$140,994.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion and analysis includes certain forward-looking statements with respect to the business, financial condition and results of operations of our company. The words "estimate," "project," "intend," "expect" and similar expressions are intended to identify forward-looking statements within the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated by such forward-looking statements, including those risk factors contained in Item 3.D. of this annual report. You should read the following discussion and analysis in conjunction with our consolidated financial statements and the notes thereto included in this annual report.

A. OPERATING RESULTS

Background

We were incorporated under the laws of the Commonwealth of Australia on November 11, 1997. The principal listing of our ordinary shares and listed options to purchase our ordinary shares is on the ASX. Since September 5, 2002, our ADRs have traded on the NASDAQ Capital Market under the symbol "PRAN."

Our consolidated financial statements appearing in this annual report comply with both IFRS as issued by IASB and A-IFRS. In this annual report, all references to "U.S. dollars" or "US$" are to the currency of the United States of America, and all references to "Australian dollars" or "A$" are to the currency of Australia. All of our revenues are generated in Australian dollars, except for interest earned on foreign currency bank accounts, and the majority of our expenses are incurred in Australian dollars.

Overview

We are a development stage enterprise at an early stage in the development of our pharmaceutical products that are designed to treat the underlying causes of degeneration of the brain as aging progresses. We have incurred net losses since inception and expect to incur substantial and increasing losses for the next several years as we expand our research and development activities and move our product candidates into later stages of development. All of our product candidates are in early stages of development and we face the risks of failure inherent in developing drugs based on new technologies. The process of carrying out the development of our products to later stages of development may require significant additional research and development expenditures, including pre-clinical testing and clinical trials, as well as for obtaining regulatory approval. To date, we have funded our operations primarily through the sale of equity securities, proceeds from the exercise of options, government grants, licensing and research collaborations and interest income.

Since completing our initial public offering and listing process on the ASX on March 28, 2000, we have concentrated our resources toward the pursuit of our disease targets. In early August 2003, our PBT2 compound was announced as a new lead MPAC molecule for Alzheimer's disease. We have completed two Phase I studies of PBT2 and a Phase IIa clinical trial for PBT2 in patients with Alzheimer's disease. We have completed the "IMAGINE" Phase II imaging trial in Alzheimer's disease and the "Reach2HD" Phase IIa trial in Huntington's disease. For details regarding clinical trials for our lead compound PBT2, see Item 4.B. "*Information on the Company - Business Overview - Clinical Trials for Our Lead Compound*."

Critical Accounting Policies

We prepare our financial statements in accordance with IFRS as issued by IASB. As such, we are required to make certain estimates, judgments, and assumptions that management believes are reasonable based upon the information available. These estimates, judgments and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods presented. The significant accounting policies listed in Note 1 to the consolidated financial statements that management believes are the most critical to aid in fully understanding and evaluating our financial condition and results of operations under IFRS are discussed below.

Share-based payments. Equity-settled share-based payments granted after November 7, 2002 that were unvested as of January 1, 2005 are measured at fair value at the date of grant. Fair value is measured by use of the Black-Scholes model (for options without market conditions) or the Barrier Pricing model (for options with market conditions). The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The date used to value share-based payments for non-employees may be different to the grant date used to value employee share-based payments where service conditions apply. The fair value of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period for each tranche of equity, based on our estimate of equity that will eventually vest.

Revenue recognition from ordinary activities. We recognize revenue from continuing operations to the extent that it is probable that the economic benefits will flow to us and the revenue from continuing operations can be reliably measured. To date our revenue from continuing operations has consisted of interest income, which is recognized as earned when the amount of revenue can be measured with reliability, it is probable that future economic benefits will flow to the entity, the stage of completion of the transaction at the end of the reporting period can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Grants. We recognize a grant when there is reasonable assurance that the grant will be received and all grant conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is expected to compensate.

Other income recognition. We recognize other income to the extent that it is probable that the economic benefits will flow to us and the other income can be reliably measured. Reimbursements of expenses are recognized as an offset of the expense (see Note 4a to the consolidated financial statements).

Recoverable amount of non-current assets. Each reporting period, our Board of Directors assesses the recoverable amount of all non-current assets to ensure its carrying value does not exceed its recoverable amount. Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is revalued down to its recoverable amount. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Significant Costs and Expenses

Research and development expenses, net. Our research and development expenses consist primarily of expenses for contracted research and development activities conducted by third parties on our behalf. Research and development expenses also include costs associated with the acquisition, development of patents and salaries and fees paid to employees and consultants involved in research and development activities.

Corporate personnel expenses. Our personnel expenses consist of directors' fees, salaries and benefits paid to employees and officers and equity-based payments awarded to directors, officers and employees.

Intellectual property expenses. Our intellectual property expenses consist of fees paid to our outside counsel for legal fees associated with patent applications and for the defense of patents.

Auditor and accounting expenses. Our auditor and accounting expenses consist of the fees paid to our auditors for services related to annual reports and interim reports filed or submitted in Australia and the United States and fees paid to other accounting firms in respect of tax and other accounting advice.

Travel expenses. Our travel expenses consist primarily of expenses associated with air travel, accommodation and associated consumables both locally and overseas by directors, employees and consultants.

Public relations and marketing expenses. Our public relations and marketing expenses consist of fees paid to outside consultants for services related to ASX and NASDAQ announcements and presentations.

Depreciation expense. Depreciation of property and equipment is provided on a straight-line basis over the estimated useful lives of three to 20 years.

- Furniture and fittings: 5-33%
- Computer equipment: 33%
- Laboratory equipment: 10-33%
- Leasehold improvements: 33%

Other expenses. Other expenses consist of corporate compliance, insurance, computer and overhead expenses.

Foreign exchange gain (loss). Foreign exchange gain (loss) includes the net unrealized gain or loss on cash balances and trade and other payables held in foreign currencies (primarily U.S. dollars, British Pounds and Euros) as well as net realized gains and losses on foreign currency transactions.

Gain (loss) on fair value of financial liabilities. Each reporting period we are required to revalue financial liabilities. We recorded financial liabilities attributable to warrants that were issued to the investors in our private placement in the United States in June 2004 and with respect to options issued in a private placement to investors in February 2011. The warrants which were issued in 2004 expired on June 4, 2009, permitted the investors to purchase an aggregate 3,000,000 ADRs at an exercise price of US$8.00 per ADR. Because the warrants were exercisable in a currency that is not the functional currency of our company, they were required to be classified as a financial liability. These warrants expired without being exercised. The 2011 options, which expire on February 25, 2016, permit the investors to purchase an aggregate 612,397 ordinary shares at an exercise price of A$0.17 per share. When the fair value of the outstanding 2011 options increase or decrease, the difference is recorded as a gain or loss, as applicable, on the fair value of financial liabilities.

Results of Operations

Year ended June 30, 2013 compared to year ended June 30, 2012

Revenue from ordinary activities

Revenue from continuing operations (consisting of interest income only) decreased to A$150,867 for the year ended June 30, 2013 from A$186,664 for the year ended June 30, 2012, a decrease of A$35,797, or 19.18%. The decrease in revenue from continuing operations in the 2013 fiscal year is primarily attributable to interest on an R&D tax refund we received in the previous financial year from the Australian Taxation Office, relating to the 2010 financial year.

Other Income

We had other income of A$4,488,526 for the year ended June 30, 2013 relating to eligible research and development activities, on which we are entitled to a 45% refundable tax offset under an Australian Government tax incentive, introduced on July 1, 2011. We had other income of A$2,340,851 for the year ended June 30, 2012 relating to eligible research and development activities.

Research and development expenses, net

Our net research and development expenses (including research and development expenses paid to related parties) increased to A$7,946,005 for the year ended June 30, 2013 from A$4,228,719 for the year ended June 30, 2012, an increase of A$3,717,286, or 87.91%. The increase in research and development expenses in the year ended June 30, 2013 is primarily attributable to the initiation of patient enrolment into the Phase II "Reach2HD" Huntington's Disease clinical trial in April 2012 with full recruitment achieved by the end of the 2012 calendar year. Accordingly, during the year ending June 30, 2013 Prana incurred substantial patient fees, clinical research organisation milestones and associated running costs of a fully recruited trial. In addition, during the year ending June 30, 2013 recruitment for the Phase II Alzheimer's' Disease "IMAGINE" trial was completed and similarly Prana incurred increasing patient, clinical research organisation and running costs. We anticipate that during the fiscal year 2014 our research and development expenditure will be directed to the completion and reporting of these Phase II studies, the conduct of an extension study to IMAGINE and pre-Phase III development and manufacturing costs. In addition, we plan to continue the pre-clinical development of our lead Parkinson's Disease and other Movement Disorders MPAC candidate compound, PBT434.

Corporate personnel expenses

Corporate personnel expenses increased to A$2,556,243 for the year ended June 30, 2013 from A$1,858,562 for the year ended June 30, 2012, an increase of A$697,681, or 37.54%. The increase in corporate personnel expenses in the 2013 fiscal year is primarily attributable to an increase in equity-based compensation in the form of options and shares issued to directors, employees and consultants. In the 2013 fiscal year, we expensed A$915,473 in respect of equity-based payments to directors, consultants and employees compared to A$309,691 in the 2012 fiscal year.

Intellectual property expenses

Intellectual property expenses, which include patent portfolio costs and intellectual property related legal costs, increased to A$294,894 for the year ended June 30, 2013 from A$261,706 for the year ended June 30, 2012, an increase of A$33,188, or 12.68%. The increase in intellectual property expenses in the 2013 fiscal year was primarily due to the completion of substantial prosecution of a key international patent application.

Auditor and accounting expenses

Auditor and accounting expenses increased to A$166,086 for the year ended June 30, 2013 from A$153,597 for the year ended June 30, 2012, an increase of A$12,489, or 8.13%. The increase in auditor and accounting expenses in the 2013 fiscal year is primarily attributable to increased costs for services provided in connection with filings made with the Securities and Exchange Commission.

Travel expenses

Travel expenses increased to A$131,710 for the year ended June 30, 2013 from A$91,624 for the year ended June 30, 2012, an increase of A$40,086, or 43.75%. The increase in travel expenses in the 2013 fiscal year is primarily attributable to a higher amount of overseas travel by executives and consultants for company business meetings.

Public relations and marketing expenses

Public relations and marketing expenses increased to A$136,186 for the year ended June 30, 2013 from A$124,970 for the year ended June 30, 2012, an increase of A$11,216 or 8.97%. Our public relations and marketing expenses consist primarily of costs relating to our U.S.-based investor relations consultants. The increase in public relations and marketing expenses in the 2013 fiscal year is primarily attributable to increased announcements relating to the successful progression of PBT2 into two clinical trials. The increase in public relations and marketing expenses was also attributable to the depreciation of the Australian dollar against the U.S. dollar during the twelve months ended June 30, 2013, which increased the Australian dollar cost of such U.S. dollar denominated expenses.

Depreciation expenses

Depreciation expenses increased to A$23,130 for the year ended June 30, 2013 from A$19,621 for the year ended June 30, 2012, an increase of A$3,509 or 17.88%. The increase in depreciation expenses in the 2013 fiscal year is primarily attributable to additional computer equipment and furniture and fittings in the aggregate amount of A$21,972 was purchased during the 2013 fiscal year.

Other expenses

Other expenses from ordinary activities increased to A$1,187,083 for the year ended June 30, 2013 from A$1,107,283 for the year ended June 30, 2012, an increase of A$79,800, or 7.21%. The increase in other expenses in the 2013 fiscal year is primarily attributable to an increase in business development expenses associated with the commercial assessment for PBT2 for Huntington's Disease.

Foreign exchange gain (loss)

We recorded a foreign exchange gain of A$140,761 for the year ended June 30, 2013 compared to a foreign exchange gain of A$45,959 for the year ended June 30, 2012. Foreign exchange gain (loss) reflects the impact of changes in foreign currency exchange rates on cash that we hold in U.S. dollars, Great British Pounds and Euros. In the 2013 fiscal year, the Australian dollar depreciated against the U.S. dollar, which had a favorable impact on the Australian dollar value of our cash held in U.S. dollars. In the 2012 fiscal year, the Australian dollar depreciated against the U.S. dollar, which had a favorable impact on the Australian dollar value of our cash held in U.S. dollars. In the two fiscal years ended June 30, 2013, the Australian dollar depreciated against the Great British Pounds and Euros, which had a favorable impact on the Australian dollar value of our cash held in Great British Pounds and Euros. In the 2013 fiscal year, we incurred a foreign exchange gain of A$102,280 attributable to the cash balances that we held in U.S. dollars, a foreign exchange gain of A$159 attributable to the cash balances that were held in British Pounds, a foreign exchange gain of A$5,225 attributable to cash balances that were held in Euros and a foreign exchange gain of A$33,097 attributable to foreign currency transactions. In the 2012 fiscal year, we incurred a foreign exchange gain of A$72,059 attributable to the cash balances that we held in U.S. dollars, a foreign exchange gain of A$207 attributable to the cash balances that were held in British Pounds, a foreign exchange loss of A$23,396 attributable to cash balances that were held in Euros and a foreign exchange loss of A$2,911 attributable to foreign currency transactions.

Gain (loss) on fair value of financial liabilities

We recorded a loss on fair value of financial liabilities of A$126,059 for the year ended June 30, 2013 compared to a gain on fair value of financial liabilities of A$33,139 for the year ended June 30, 2012. The loss in 2013 and gain in 2012 are attributable to the change in value of warrants that were issued in connection with an agreement signed with the ADDF. We issued warrants to purchase 612,397 of our ordinary shares to the ADDF, representing 30% of the value of the first tranche of a grant of US$350,000 received from the ADDF during the fiscal year ended June 30, 2011. The warrants have an exercise price of A$0.17 and expire on February 25, 2016. The gain and loss on fair value of financial liabilities is also attributable to the changes in the market price of our ADRs and the volatility of the ADR market price.

Year ended June 30, 2012 compared to year ended June 30, 2011

Revenue from ordinary activities

Revenue from continuing operations (consisting of interest income only) increased to A$186,664 for the year ended June 30, 2012 from A$156,135 for the year ended June 30, 2011, an increase of A$30,529, or 19.55%. The increase in revenue from continuing operations in the 2012 fiscal year is primarily attributable to interest on an R&D tax refund we received in the current financial year from the Australian Taxation Office, relating to the 2010 financial year. Increase in interest income was offset by lower cash and cash equivalents throughout the year and lower prevailing interest rates.

Other Income

We had other income of A$2,340,851 for the year ended June 30, 2012 relating to eligible research and development activities, on which we are entitled to a 45% refundable tax offset under an Australian Government tax incentive, introduced on July 1, 2011. We had other income of A$6,785 for the year ended June 30, 2011 relating to donations received by the Company from unrelated third parties.

Research and development expenses, net

Our net research and development expenses (including research and development expenses paid to related parties) increased to A$4,228,719 for the year ended June 30, 2012 from A$2,758,381 for the year ended June 30, 2011, an increase of A$1,470,338, or 53.30%. The increase in research and development expenses in the year ended June 30, 2012 is primarily attributable to pre-trial start up activities and the commencement of two clinical trials, the “Reach2HD” Phase IIa trial in Huntington’s patients and the IMAGINE” Phase II trial in Alzheimer’s Disease patients.

Corporate personnel expenses

Corporate personnel expenses decreased to A$1,858,562 for the year ended June 30, 2012 from A$1,965,408 for the year ended June 30, 2011, a decrease of A$106,846, or 5.44%. The decrease in corporate personnel expenses in the 2012 fiscal year is primarily attributable to lower amounts of lump-sum payments made to key management personnel as well as a reduction in the number of employees. The decrease in corporate personnel expenses was offset by an increase in equity-based compensation in the form of options and shares issued to directors, employees and consultants. In the 2012 fiscal year, we expensed A$309,691 in respect of equity-based payments to directors, consultants and employees compared to A$101,464 in the 2011 fiscal year. Corporate personnel expenses in the 2012 and 2011 fiscal years include a portion of the total fair value of options granted to our directors and employees in the previous two fiscal years of A$47,148 and A$41,298, respectively.

Intellectual property expenses

Intellectual property expenses, which include patent portfolio costs and intellectual property related legal costs, decreased to A$261,706 for the year ended June 30, 2012 from A$399,237 for the year ended June 30, 2011, a decrease of A$137,531, or 34.45%. The decrease in intellectual property expenses in the 2012 fiscal year was primarily due to the completion of substantial prosecution of a key international patent application.

Auditor and accounting expenses

Auditor and accounting expenses decreased to A$153,597 for the year ended June 30, 2012 from A$157,436 for the year ended June 30, 2011, a decrease of A$3,839, or 2.44%. The decrease in auditor and accounting expenses in the 2012 fiscal year is primarily attributable to decreased costs for services provided in connection with filings made with the Securities and Exchange Commission.

Travel expenses

Travel expenses decreased to A$91,624 for the year ended June 30, 2012 from A$159,971 for the year ended June 30, 2011, a decrease of A$68,347, or 42.72%. The decrease in travel expenses in the 2012 fiscal year is primarily attributable to a lower amount of overseas travel by executives and consultants for company business meetings.

Public relations and marketing expenses

Public relations and marketing expenses increased to A$124,970 for the year ended June 30, 2012 from A$110,646 for the year ended June 30, 2011, an increase of A$14,324, or 12.95%. Our public relations and marketing expenses consist primarily of costs relating to our U.S.-based investor relations consultants. The increase in public relations and marketing expenses in the 2012 fiscal year is primarily attributable to increased announcements relating to the successful progression of PBT2 into two clinical trials. The increase in public relations and marketing expenses was also attributable to the depreciation of the Australian dollar against the U.S. dollar during the twelve months ended June 30, 2012, which increased the Australian dollar cost of such U.S. dollar denominated expenses.

Depreciation expenses

Depreciation expenses decreased to A$19,621 for the year ended June 30, 2012 from A$31,577 for the year ended June 30, 2011, a decrease of A$11,956, or 37.86%. The decrease in depreciation expenses in the 2012 fiscal year is primarily attributable to a A$21,841 write-off of computer equipment in the 2012 fiscal year. Additional plant and computer equipment in the aggregate amount of A$26,000 was purchased during the 2012 fiscal year.

Other expenses

Other expenses from ordinary activities increased to A$1,107,283 for the year ended June 30, 2012 from A$857,281 for the year ended June 30, 2011, an increase of A$250,002, or 29.16%. The increase in other expenses in the 2012 fiscal year is primarily attributable to an increase in professional taxation fees associated with the lodgement of an R&D tax incentive application with the Australian Government. The increase is also attributable to costs associated with the assembly of an extraordinary shareholder meeting held in the 2012 fiscal year.

Foreign exchange gain (loss)

We recorded a foreign exchange gain of A$45,959 for the year ended June 30, 2012 compared to a foreign exchange loss of A$145,377 for the year ended June 30, 2011. Foreign exchange gain (loss) reflects the impact of changes in foreign currency exchange rates on cash that we hold in U.S. dollars, Great British Pounds and Euros. In the 2012 fiscal year, the Australian dollar depreciated against the U.S. dollar, which had a favorable impact on the Australian dollar value of our cash held in U.S. dollars. In the 2011 fiscal year, the Australian dollar appreciated against the U.S. dollar, which had an adverse impact on the Australian dollar value of our cash held in U.S. dollars. In the two fiscal years ended June 30, 2012, the Australian dollar appreciated against the Euro, which had an adverse impact on the Australian dollar value of our cash held in Euros. In the 2012 fiscal year, we incurred a foreign exchange gain of A$72,059 attributable to the cash balances that we held in U.S. dollars, a foreign exchange gain of A$207 attributable to the cash balances that were held in British Pounds, a foreign exchange loss of A$23,396 attributable to cash balances that were held in Euros and a foreign exchange gain of A$2,911 attributable to foreign currency transactions. In the 2011 fiscal year, we incurred a foreign exchange loss of A$132,230 attributable to the cash balances that we held in U.S. dollars, a foreign exchange loss of A$125 attributable to the cash balances that were held in British Pounds, a foreign exchange loss of A$17,176 attributable to cash balances that were held in Euros and a foreign exchange gain of A$4,154 attributable to foreign currency transactions.

Gain (loss) on fair value of financial liabilities

We recorded a gain on fair value of financial liabilities of A$33,139 for the year ended June 30, 2012 compared to a loss on fair value of financial liabilities of A$8,791 for the year ended June 30, 2011. The gain in 2012 and loss in 2011 are attributable to the change in value of warrants that were issued in connection with an agreement signed with the ADDF. The Company issued warrants to purchase 612,397 of our ordinary shares to the ADDF, representing 30% of the value of the first tranche of a grant of US$350,000 received from the ADDF during the fiscal year. The warrants have an exercise price of A$0.17 and expire on February 25, 2016. The gain and loss on fair value of financial liabilities is also attributable to the changes in the market price of our ADRs and the volatility of the ADR market price.

Inflation and Seasonality

Management believes inflation has not had a material impact on our company's operations or financial condition and that our operations are not currently subject to seasonal influences.

Conditions in Australia

We are incorporated under the laws of, and our principal offices and research and development facilities are located in, the Commonwealth of Australia. Therefore, we are directly affected by political and economic conditions in Australia. See Item 3D "*Key Information – Risk Factors – Risks Relating to Our Location in Australia*" for a description of factors that could materially affect our operations.

Recently Issued International Accounting Standards and Pronouncements

New and amended Accounting Standards and Interpretations issued and effective

There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after June 30, 2012 that would be expected to have a material impact on the Company.

Accounting Standards issued by not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for June 30, 2013 reporting periods. Initial application of the following Standards and Interpretations are not expected to affect any of the amounts recognized in the financial report, but may change the disclosures presently made in relation to the Company:

- *IFRS 9 Financial Instruments*

In November 2009, the IASB issued, and subsequently revised in October 2010, IFRS 9 as a first phase in its ongoing project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the Company's consolidated financial statements.

- *IFRS 10 Consolidated Financial Statements*

In May 2011, the IASB issued IFRS 10, which is to be applied retrospectively, and is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 10 replaces Standing Interpretations Committee ("SIC") 12 Consolidation – Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. IFRS 10 eliminates the current risk and rewards approach and establishes control as the single basis for determining the consolidation of an entity. The standard provides guidance on how to apply the control principles in a number of situations, including agency relationships and holding potential voting rights. Management has not yet determined the potential impact that the adoption of IFRS 10 will have on the Company's consolidated financial statements.

- *IFRS 12 Disclosure of Interests in Other Entities*

In May 2011, the IASB issued IFRS 12, which is to be applied retrospectively, and is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 12 outlines the required disclosures for interests in subsidiaries and joint arrangements. The new disclosures require information that will assist financial statement users to evaluate the nature, risks and financial effects associated with an entity's interests in subsidiaries and joint arrangements. Management has not yet determined the potential impact that the adoption of IFRS 12 will have on the Company's consolidated financial statements.

- *IFRS 13 Fair Value Measurement*

In May 2011, the IASB issued IFRS 13, which is to be applied prospectively, and is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 13 defines fair value, provides a framework for measuring fair value and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in most cases when another IFRS requires (or permits) fair value measurement. Management has not yet determined the potential impact that the adoption of IFRS 13 will have on the Company's consolidated financial statements.

- *Other*

In June 2011, the IASB issued amendments to IAS 1 to revise the way in which other comprehensive income is presented. The Company does not believe the changes resulting from the amended standard will have an impact on its consolidated financial statements. The amended standard is effective for annual periods beginning on or after July 1, 2012.

In June 2011, the IASB issued amendments to IAS 19 Employee Benefits with revised requirements for pensions and other post-retirement benefits, termination benefits and other changes. The Company does not believe the changes resulting from these amendments are relevant to its consolidated financial statements. The amended standard is effective for annual periods beginning on or after January 1, 2013.

In June 2011, the IASB issued amendments to IFRS 7 Financial Instruments: Disclosures. The Company does not believe the changes resulting from these amendments are relevant to its consolidated financial statements. The amended standard is effective for annual periods beginning on or after July 1, 2011.

In May 2011, the IASB issued IFRS 11 Joint Arrangements, in addition to IFRS 10 and IFRS 12 discussed above. The Company does not believe the changes resulting from this new standard are relevant to its consolidated financial statements. IFRS 11 is effective for annual periods beginning on or after January 1, 2013.

B. LIQUIDITY AND CAPITAL RESOURCES

We are a development stage company and have had no sales income to date, and as of June 30, 2013 our accumulated deficit totaled A$97,931,323. From inception until our initial public offering in March 2000 we financed our operations primarily through borrowings from two of our then directors, which were repaid from the proceeds of such offering. Since our initial public offering we have financed our operations primarily through sales of equity securities, proceeds from the exercise of options, government grants, licensing and research collaborations and interest earned on investments. During the period from 2001 to 2006, we were awarded government grants in the aggregate amount of A$3.3 million.

In September 2009, we raised A$6.0 million before costs (approximately A$5.7 million net of costs) in a private placement to one of our institutional shareholders in the United States of 30 million ordinary shares (equivalent to three million ADRs) at a price of A$0.20 per share (A$2.0 per ADR). We also agreed to grant the investor, subject to shareholder approval, options to purchase 10 million ordinary shares (equivalent to one million ADRs) at an exercise price of A$0.30 per share (A$3.0 per ADR) that will expire four years after the date of the issuance of the shares in the September 2013 private placement. We also issued to the investor, based on an agreed upon formula, an additional 750,000 ordinary shares pursuant to the approval of our shareholders obtained in November 2009. For additional information, see Item 10.C. "Additional Information - Material Contracts."

In July 2010, we raised A$1.15 million (US$1.0 million) before costs in a private placement of 7.065 million of our ordinary shares (equivalent to 0.7 million ADRs) to Quintiles, at a price of A$0.1624 per ordinary share (US$1.624 per ADR). For additional information, see Item 10.C. "Additional Information - Material Contracts."

On February 21, 2011, the ADDF awarded us a grant of US$700,000, to be provided in two equal instalments over two years. The ADDF is based in New York and functions on a venture philanthropy model. We issued to ADDF a convertible promissory note to the ADDF in the principal amount of the grant and a five-year warrant to purchase 612,397 ordinary shares of our company at a price per share of A$0.17 (equivalent to US$0.169), being the closing pricing of our ordinary shares on the ASX on the date of our agreement with ADDF. We have also agreed to issue an additional five-year warrant to purchase US$105,000 of ordinary shares of our company at a price per share equal to the closing price of our ordinary shares on the ASX on the date on which we will receive the second instalment of US$350,000. The note will become due and payable on February 25, 2014, unless converted earlier. We may, under certain conditions, elect to issue our ordinary shares to satisfy our repayment obligation at a price per shares equal to 80% of the then prevailing volume weighted average price of our ordinary shares on the ASX during the five trading days prior to the issuance. Under the terms of the convertible note, the ADDF may elect, at its discretion, to convert the promissory note into ordinary shares of our company following the consummation by us of a debt or equity financing to third party investors resulting in gross proceeds to our company of at least US$1.0 million, or upon a sale of our company. Following the completion of the private placement described in the following paragraph, the ADDF is now entitled to convert the note under the same terms as such private placement, or under the same terms as any subsequent financing that we may complete prior to the conversion or repayment of the note. The purpose of the grants is to support a Phase II imaging trial with PBT2 to investigate the effect of PBT2 on the deposition of beta-amyloid in the brains of patients with mild Alzheimer's disease.

In March 2011, we completed a private placement of our securities to institutional investors for aggregate gross proceeds of approximately A$6.12 million (US$6.19 million). Under the terms of the offering, we sold an aggregate of approximately 27.2 million ordinary shares (equivalent to 2,720,000 ADRs) at a price of A$0.225 per share (A$2.25 per ADR). We also granted to the investors options to purchase up to an aggregate of approximately 6.8 million ordinary shares (equivalent to 680,000 ADRs) at an exercise price of A$0.225 per share (A$2.25 per ADR). The options are exercisable for a term of four years, and the exercise price is subject to future adjustment for various events, such as stock splits or dividend distributions.

In June 2011, we completed a private placement of 5.69 million of our ordinary shares to institutional investors and Quintiles Limited**,** at a price of A$0.225 per share, for aggregate gross process of approximately A$1.28 million (US$1.4 million). We also granted the investors options to purchase 1.42 million ordinary shares at an exercise price of A$0.225 per share that will expire March 24, 2015.

In July 2011, we entered into an At-The-Market Issuance Sales Agreement with McNicoll, Lewis & Vlak LLC, now known as MLV & Co. LLC, or MLV, under which we may sell ADSs, each representing ten ordinary shares, from time to time through MLV, as our agent for the offer and sale of the ADSs. During such time as we do not qualify as an accelerated filer, as defined by the SEC, the aggregate ordinary shares represented by ADSs which we may sell in any one year period may not exceed one-third of our public float. The ADSs are evidenced by ADRs. We pay MLV a commission equal to 3% of the gross proceeds of the sales price of all ADSs sold through it as sales agent under the sales agreement. The actual total public offering amount, commissions and proceeds to us, if any, are not determinable at this time. As of June 30, 2013, we issued a total amount of 3.7 million ADSs under this At-The-Market Issuance Sales Agreement for gross proceeds of A$7.0 million (US$7.25 million). For additional information regarding the agreement, see Item 10 “Additional Information - Material Contracts.”

Commencing October 2011, we entered into research and development agreements that support and service the Phase II clinical trials in Huntington disease and Alzheimer’s disease that are currently enrolling patients. The Company has budgeted approximately A$8.7 million expenditure for the Huntington’s disease trial and A$0.9 million for the Alzheimer’s disease trial, which is otherwise supported by a grant from the ADDF. Of these amounts, approximately A$973,513 has been incurred in the period ended June 30, 2013. The agreements can be terminated at any time with 30 days’ notice and without penalty. The successful completion of these trials is dependent on the Company raising the necessary additional funding. See “Item 5F Tabular Disclosure of Contractual Obligations” for additional information on our R&D contractual commitments.

In October 2012, we raised approximately A$6.0 million through a private placement of 32.5 million ordinary fully paid shares (equivalent to 3.25 million ADRs) at a price of A$0.185 per share. The capital was raised in order to support our two ongoing Phase II clinical trials, the IMAGINE trial and Reach2HD trial.

In March 2013, we completed a private placement of 36.0 million of our ordinary shares to Australian Institutions and high net worth investors**,** at a price of A$0.195 per share, for aggregate gross proceeds of approximately A$7 million. The proceeds includes A$2 million as part of an underwritten Share Purchase Plan (SPP) under which eligible shareholders were able to apply for up to A$15,000 worth of shares (subject to any scale back) at the same price as the private placement (approximately 76,900 ordinary shares at an issue price of A$0.195 per share, representing a 13.3% discount to the market closing price on the ASX as at the record date). The first A$2 million under the SPP were underwritten by JM Financial Group Ltd.

In August 2013, we issued a prospectus providing for the sale of up to US$47,184,000 of our ordinary shares under an amended At-The-Market Issuance Sales Agreement with MLV dated August 30, 2013.

From inception to June 30, 2013, our capital expenditures have totaled A$575,694 (including A$200,000 of non-cash expenditures), consisting of computer equipment, furniture and fixtures, fit-out costs and laboratory equipment that is being used in connection with our research at the University of Melbourne. Capital expenditures for equipment are depreciated on a straight-line basis over the estimated useful lives of three to 20 years, with a net balance at June 30, 2013 of A$46,893. We currently do not have significant capital spending requirements, but we expect to continue to engage in capital spending consistent with anticipated growth in our operations and personnel.

We had A$13,346,760 of cash and cash equivalents at June 30, 2013, compared to A$5,636,469 at June 30, 2012. For the years ended June 30, 2013 and 2012, we incurred an operating loss of A$7.8 million and A$5.2 million, respectively, and an operating cash outflow of A$8.0 million and A$6.8 million, respectively.

We believe that Australian Government tax incentive scheme relating to eligible research and development activities, introduced on July 1, 2011, will provide us with significant benefits in future years. Such eligible R&D activities include but are not limited to:

- Core activities, which are experimental activities whose outcome cannot be known or determined in advance, but can only be determined by applying a systematic progression of work;
- Core activities conducted for the purpose of generating new knowledge (including new knowledge in the form of new or improved processes and materials); or
- Supporting activities that are directly related and designed to support the above).

Under the research and development incentive scheme, entities with an aggregated turnover for the income year of less than A$20 million will be entitled to a 45% refundable tax offset. In the year ended June 30, 2013, we recorded A$3,466,395 in other income with respect to funds we will receive in relation to the 2013 financial year under the 2011 research and development incentive scheme.

In the event the we will not be able to raise the required funding for our planned expenditure, we have the ability to further reduce expenses around our current commitments. We retain the ability to curtail other planned, but not committed expenditure, in order to ensure we continue to have adequate funds to pay all liabilities as and when they fall due.

Management remains confident that we will be successful in raising the additional funding required to complete the planned research and development activities and accordingly have prepared the financial statements on a going concern basis.

At this time, our directors are of the opinion that no asset is likely to be realized for an amount less than the amount at which it is recorded in the Statement of Financial Position as of June 30, 2013. Therefore, no adjustments have been made to our consolidated financial statements relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should we not continue as a going concern.

Cash Flows

The following table summarizes our cash flows for the periods presented:

	Year ended June 30,		
	2013	**2012**	**2011**
		(A$)	
Net cash used in operating activities	(7,951,254)	(6,845,906)	(4,558,147)
Net cash used in investing activities	(28,151)	(26,763)	(16,632)
Net cash provided by financing activities	15,582,031	3,622,023	8,335,258
Net increase (decrease) in cash and cash equivalents	7,602,626	(3,250,646)	3,760,479
Cash and cash equivalents at beginning of period	5,636,469	8,838,245	5,227,298
Exchange rate adjustments on cash held in foreign currencies	107,665	48,870	(149,532)
Cash and cash equivalents at end of period	13,346,760	5,636,469	8,838,245

Net cash used in operating activities was A$7,951,254, A$6,845,906 and A$4,558,147 during the years ended June 30, 2013, 2012 and 2011, respectively. Our payments to suppliers and employees during the years ended June 30, 2013, 2012 and 2011 were A$10,650,823, A$7,874,010 and A$4,714,503, respectively. The A$1,105,348 increase from the year ended June 30, 2013 to the year ended June 30, 2012 reflects our continued maintenance of our research and development programs. The A$2,287,759 increase in net cash used in operating activities in the year ended June 30, 2012 compared to the year ended June 30, 2011 reflects the Company's progression into two Phase II clinical trials with PBT2. During the years ended June 30, 2013, 2012 and 2011, our payments to suppliers and employees was offset by interest income of A$93,789, A$186,794 and A$156,366, respectively.

Net cash used in investing activities was A$28,151, A$26,763 and A$16,632 during the years ended June 30, 2013, 2012 and 2011, respectively. Cash flows used for investing activities was primarily attributable to payments for the purchase of property and equipment for the years ended June 30, 2013, 2012 and 2011.

Net cash provided by financing activities was A$15,582,031, A$3,622,023 and A$8,335,258 for the years ended June 30, 2013, 2012 and 2011. Cash flows provided by financing activities during the year ended June 30, 2013 are attributable to funds raised under our At-The-Market facility of A$3.21 million (US$3.29 million) and A$6.01 and A$5.00 million private placements of our securities to high net worth and institutional investors in September 2012 and March 2013. We also raised A$2.02 million in April 2013 through a share purchase plan of our securities and grants awarded to us by the ADDF. Cash flows provided by financing activities during the year ended June 30, 2012 is primarily attributable to funds raised under our At-The-Market facility of A$4.57 million (US$4.74 million). Cash flows provided by financing activities during the year ended June 30, 2011 is primarily attributable to a A$6.12 million (US$6.19 million) private placement of our securities to institutional investors in March 2011, as well as private placements of our ordinary shares to Quintiles in July 2010 and June 2011 and grants awarded to us by the ADDF.

We realized a foreign exchange gain of A$107,665 for the year ended June 30, 2013 compared to a foreign exchange gain of A$48,870 for the year ended June 30, 2012 and a foreign exchange loss of A$149,532 for the year ended June 30, 2011. In 2013, the Australian dollar depreciated against the U.S. dollar by 10%. In 2012, the Australian dollar depreciated against the U.S. dollar by 4%, while in 2011, the Australian dollar appreciated against the U.S. dollar by 20%.

C. Research and Development, Patents and Licenses

Early in our company's history, our activities were primarily focused on the acquisition and development of patents to enable the research and development of our core technology. In January 2001, we entered into an exclusive license agreement with the General Hospital Corporation to access patented technologies that could be of assistance in the discovery and characterization of lead compounds (see Item 4.B. "Information on the Company - Business Overview - Patents and License Agreements"). To build a cost effective research and development company, in December 2000 we entered into an agreement with the University of Melbourne to conduct on our behalf certain research programs in Alzheimer's disease and other neurological disorders, to undertake basic mechanistic research on our compounds and conduct screens to assess therapeutic utility of our compounds (see Item 10 "Additional Information - Material Contracts"). In recent years, we increased our practice of building valuable research collaborations with institutes based in Australia, the United States, the United Kingdom and other countries to enable us to investigate a variety of therapeutic indications including Alzheimer's disease, Huntington's disease, Parkinson's disease and movement disorders and selected cancers. These collaborative arrangements ensure that we work with well-respected laboratories with specific expertise in screening and animal modelling of relevance to the particular indication, without incurring ongoing administrative and personnel costs. We maintain in-house patent counsel and research and development project expertise to coordinate these research collaborations.

When a lead compound is identified as suitable for clinical development, we establish a project team to coordinate all pre-clinical and clinical development and manufacturing activities. Typically, we engage a clinical research organization to manage patient recruitment, data management, clinical site coordination and statistical analysis, as was the case with the development of our lead compound PBT2 through Phase I and currently the case with Phase II development. All clinical, pre-clinical, clinical development and manufacturing of our compounds is performed in compliance with the appropriate governing authorities and standards (for example, the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use).

Research and development expenses, net amounted to A$7,946,005, 4,228,719 and A$2,758,381 during the years ended June 30, 2013, 2012 and 2011, respectively. Costs associated with patent applications and defense of patent applications are classified as intellectual property expenses and amounted to A$294,894, A$261,706 and A$399,237 during the years ended June 30, 2013, 2012 and 2011, respectively.

Our research and development expenses consist primarily of expenses for contracted research and development activities conducted by third parties on our behalf, including personnel, testing facilities and other payments in accordance with our research and clinical agreements. Research and development expenses also include costs associated with the acquisition and development of patents. We do not maintain accounting systems to accurately track research and development costs on an individual project basis because a significant portion of our historic research and development expenses benefited our two major research and development projects, and therefore were not tracked individually by project; rather, we tracked these costs by the type of costs incurred. Such costs are charged to operations as incurred. Due to the numerous variables and the uncertain nature of the development of a clinical compound, including obtaining regulatory approvals, we are not able to reasonably estimate the nature, timing and costs of the future expenditures necessary to complete our research and development projects, the anticipated completion dates of each project and when material net cash flows from our research and development programs will commence.

D. TREND INFORMATION

We are a development stage company and while we believe that our technology will offer novel therapeutic strategies into an expanding market, we cannot predict with any degree of accuracy the outcome of our research or commercialization efforts.

E. OFF-BALANCE SHEET ARRANGEMENTS

We are not a party to any material off-balance sheet arrangements. In addition, we have no unconsolidated special purpose financing or partnership entities that are likely to create material contingent obligations.

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following table summarizes our minimum contractual obligations as of June 30, 2013. The majority of our contracts for research and development programs have a termination notice period of 30 days. As at June 30, 2013, the Company had research and development termination commitments approximating A$2 million. No liability has been recognised within the Company's financial statements for this period. In addition, we have the ability to scale down our operations and prioritize our research and development programs in neurology to reduce expenditures as discussed in Item 5B. Liquidity and Capital Resources.

Contractual Obligations	Payments due by period				
	Total	less than 1 year	1-3 years	3-5 Years	more than 5 years
Operating lease obligations	235,571	171,647	63,924	-	-
Total	235,571	171,647	63,924	-	-

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. DIRECTORS AND SENIOR MANAGEMENT

Our directors and executive officers are as follows:

Name	Age	Position
Geoffrey P. Kempler	58	Chairman of the Board of Directors and Chief Executive Officer
Richard Revelins	51	Chief Financial Officer and Secretary
Dianne Angus	53	Chief Operating Officer
Peter A. Marks(1)	57	Director
Brian D. Meltzer(1)(2)	59	Director
George W. Mihaly(1)(2)(3)	60	Director
Lawrence Gozlan(3)	34	Director

_____

(1) Member of the Audit Committee
(2) Member of the Remuneration Committee and Share Plan Committee
(3) Member of the Nominations Committee

Geoffrey Paul Kempler has served as the Chairman of our Board of Directors since November 1997, between November 1997 and August 2004 he served as our Chief Executive Officer, and in June 2005 he again assumed the position of Chief Executive Officer. Mr. Kempler is one of the founders of our company. Mr. Kempler is a qualified psychologist. Mr. Kempler, who has extensive experience in investment and business development, has been responsible for the implementation of our strategic plan and the commercialization of our technology. Mr. Kempler holds a B.Sc degree in science from Monash University and a Grad. Dip. App. Soc. Psych. degree from Swinburne University.

Richard Revelins has served as our Company Secretary since February 2000 and was appointed Chief Financial Officer of our company in June 2004. Mr. Revelins is an executive director and principal of Peregrine Corporate Limited, an Australian-based investment bank, and Managing Director at Cappello Group Inc., a Santa Monica, Los Angeles based investment bank. Mr. Revelins has held senior positions in international merchant banks and is currently a director of Mining Project Group Limited, which is listed on the ASX as well as of a number of private companies. Mr. Revelins holds a Bachelor of Economics degree from Monash University, Melbourne. Mr. Revelins serves as our Chief Financial Officer on a part-time basis and devotes approximately one to two work days a week to such position.

Dianne Angus has served as our Chief Operating Office since May 2007. Ms. Angus joined our company in August 2002, initially serving as our Vice President of Intellectual Property and Licensing, she was promoted to Senior Vice President of Business Development, Intellectual Property and Research in July 2004 and served in that position until being promoted to her current position in May 2007. From 1992 to 2000, Ms. Angus managed the intellectual property, licensing and biotechnology product development assets of two Australian companies, AMRAD Corporation Limited and Florigene Limited. At Florigene, Ms. Angus was the joint venture alliance manager with Suntory for three years. From June 2000 to August 2002, Ms Angus was Director of Dianne Angus and Associates Pty. Ltd. providing strategic business development, technology evaluation and intellectual property consulting services to biotechnology companies. Ms. Angus has worked in the commercial biotechnology sector for over 20 years directing product valuation, acquisition and product licensing. During her career, Ms. Angus has managed large and diverse intellectual property portfolios, contract rights and enforcement. Ms. Angus has negotiated and executed many commercial licenses and research and product development agreements with entities ranging from large pharmaceutical companies to numerous global research institutes. Ms. Angus has also undertaken due diligence assessments on several Australian biotechnology companies for investment brokers. Ms. Angus holds a Bachelor of Science (Education) and Bachelor of Science (Honours) degree from the University of Melbourne, a Master's degree in Biotechnology from Monash University, a Graduate Diploma in Intellectual Property Law from Monash University, a Diploma in Intellectual Property Practice from the Institute of Patent and Trademark Attorneys of Australia and is a registered Australian Patent and Trade Mark Attorney.

Peter Marks has served as a director of our company since July 2005. For the period November 21, 2006 to October 20, 2010, Mr. Marks has also served as Executive Chairman of iSonea Ltd, formally KarmelSonix Ltd, a medical devices company listed on the ASX that is focused on developing and commercializing a range of devices in the respiratory and medicine space. Mr. Marks is currently also a director if Peregrine Corporate Limited, an Australian-based investment bank, and Watermark Global Plc, an AIM listed company, which commercializes the treatment and recycling of acid mine drainage water from South African mines. From September 1998 until March 2001, Mr. Marks was employed by KPMG Corporate Finance Ltd (Australia), where he rose to Director and was responsible for heading up the equity capital markets group in Melbourne. From January 1992 until July 1994, Mr. Marks served as Head of the Melbourne Companies Department at the ASX and was founding Director of Momentum Funds Management Pty Ltd, an Australian venture capital firm. From December 1990 until December 1991, Mr. Marks served as Director of Corporate Finance at Burdett Buckeridge & Young Ltd in their Melbourne offices, from August 1988 until November 1990, he held senior corporate finance position at Barings Securities Ltd, and from July 1985 until July 1988, he served as an Associate Director of Mclntosh Securities, now Merrill Lynch Australia. In his roles with these various financial institutions, Mr. Marks was responsible for advising a substantial number of listed and unlisted companies on issues ranging from corporate and company structure, to valuation, business strategies, acquisitions and international opportunities. Mr. Marks holds a Bachelor of Economics degree, a Bachelor of Law degree and Graduate Diploma in Commercial Law from Monash University in Melbourne, Australia, and an MBA degree from the Scottish School of Business at the University of Edinburgh.

Brian Derek Meltzer has served as a director of our company since December 1999. Mr. Meltzer has over 30 years of experience in economics, finance and investment banking. Mr. Meltzer is a director of Momentum Ventures Limited, licensed by the government as an Innovation Investment Fund with venture capital investments including biotechnology. Mr. Meltzer is a non-executive director on the board of directors of a number of private companies. Mr. Meltzer is also a director on the board of the Australian-Israel Chamber of Commerce and is Deputy Chairman of Independence Australia (previously Paraquad). Mr. Meltzer is Chairman of our Audit Committee, Remuneration Committee and Nomination Committee. Mr. Meltzer holds a Bachelor of Commerce degree from the University of Auckland and a Master of Economics degree from Monash University.

Dr. George William Mihaly has served as director of our company since December 1999. Dr. Mihaly also serves as a director of Waide Pty Ltd., a private company. Dr. Mihaly has had an extensive and successful career spanning the research and commercial facets of the pharmaceutical industry. During the period from mid-1994 to early 2000, Dr. Mihaly was the founding executive Chairman and Managing Director of Synermedica Pty Ltd, or Synermedica, one of Australia's leading independent consultant research organizations to the pharmaceutical industry. Synermedica merged with the global consultant research organization Kendle International Inc. in April 2000 and Dr. Mihaly continued as Managing Director of the merged entity in Australia (now called Kendle Pty Ltd) until December 2004. Over the course of the last 35 years in academia and industry, Dr. Mihaly has amassed extensive experience in both the science and logistics of setting up, monitoring, managing and evaluating results from Phase I, II, III and IV clinical trials. Dr. Mihaly holds a B.Pharm. from Monash University, an M.Sc. degree from Sydney University and a Ph.D. degree from Melbourne University, and he is a fellow of the Australian Institute of Company Directors.

Mr. Lawrence Gozlan was appointed as a director of our company on August 8, 2011. Mr. Gozlan, a leading biotechnology investor and advisor, is the Chief Investment Officer and Founder of Scientia Capital, a specialized global investment fund focused exclusively in life sciences. Scientia Capital was founded to provide high level expertise and to manage investments for high net worth individuals, family offices and institutional investors seeking exposure to the biotechnology industry. Mr. Gozlan commenced his position with Scientia Capital in June 2006. Previously, Mr. Gozlan was responsible for the largest biotechnology investment portfolio in Australia as the institutional biotechnology analyst at the Queensland Investment Corporation (QIC), an investment fund with over AU$60 billion worth of assets under management. Mr. Gozlan also worked as the senior biotechnology analyst in the equities team at Foster Stock broking, and gained senior corporate finance experience advising life sciences companies at Deloitte. Mr. Gozlan is an investment advisor to several companies in the biotechnology industry, presented at numerous international healthcare conferences, and has been featured in various published media as an expert on investing in life sciences. He holds a Bachelor of Science with Honors in microbiology and immunology from the University of Melbourne specializing in neurodegenerative diseases.

There are no family relationships among our directors and senior executives.

B. COMPENSATION

The following table sets forth all compensation we paid for the year ended June 30, 2013 with respect to each of our executive officers and directors during the 2013 fiscal year.

	Salaries, fees, commissions, bonuses and other	Pension, retirement and other similar benefits
Geoffrey P. Kempler (1)(2)	A$ 738,648	--
Richard Revelins (3)	A$ 151,270	--
Dianne Angus	A$ 344,045	--
Peter A. Marks (3)	A$ 131,428	--
Brian D. Meltzer (3)	A$ 161,428	--
George W. Mihaly (3)	A$ 148,928	--
Lawrence Gozlan (3)	A$ 118,928	--

_____

(1) Mr. Kempler has elected not to accept an A$100,000 incentive bonus to which he is entitled until further notice.

(2) During the 2013 fiscal year, Mr. Kempler also received options to purchase 4,000,000 ordinary shares, which are exercisable for a price of at least 50% greater than the closing market price on the day before the date of issue, exercisable on or before 13 December 2017, as remuneration for his services.

(3) During the 2013 fiscal year, Messrs. Revelins, Marks, Meltzer, Mihaly and Gozlan also received options to purchase 1,000,000 ordinary shares, which are exercisable for a price of at least 50% greater than the closing market price on the day before the date of issue, exercisable on or before 13 December 2017, as remuneration for their services.

In accordance with the approval of our shareholders at our 2004 annual general meeting of shareholders, the aggregate amount available per annum for the remuneration of our non-executive directors for their services (payable in cash, ordinary shares or options) is A$1,250,000.

As of June 30, 2013, our directors and executive officers as a group, then consisting of seven persons, held options to purchase an aggregate 11,052,730 of our ordinary shares. Of such options, (i) options to purchase 1,444,837 ordinary shares are exercisable for nil consideration on or before August 7, 2014. Such options may not be exercised until and unless the price of our ordinary shares has achieved and maintained a minimum value of A$0.40 for five consecutive trading days; (ii) options to purchase 292,256 ordinary shares are exercisable for A$0.15 consideration on or before March 31, 2014; (iii) options to purchase 315,637 ordinary shares are exercisable for A$0.25 consideration on or before March 20, 2017; (iv) options to purchase 9,000,000 ordinary shares are exercisable for A$0.33 consideration on or before 13 December 2017. All such options were granted under our 2004 Employees', Directors' & Consultants' Share and Option Plan. See Item 6.E. "Directors, Senior Management and Employees - Share Ownership – Stock Option Plans."

Agreement with Chief Executive Officer. On September 21, 2007, we entered into an agreement with Mr. Geoffrey Kempler, a director, in connection with his employment as our Chief Executive Officer. Under the agreement, we agreed to pay Mr. Kempler a base salary of A$386,400 per annum (which may be increased at the discretion of our Board of Directors). Mr. Kempler is entitled to a bonus of A$6,000 for holding regular meetings (minimum twice a year) of the full Research and Development Advisory Board. Mr. Kempler is entitled to up to 20 days' vacation a year (vacation days that are not used in any calendar year will be carried over for use in the following year to a maximum carry-over of two years) and reimbursement of reasonable business expenses incurred in the performance of his duties. Mr. Kempler is also entitled to participate in the employee benefits established by our company, as applicable to executives, including, without limitation, a Section 401(k) retirement plan, health, dental, life insurance and short and long term disability plans.

In the event of termination of Mr. Kempler's employment:

- By our company without cause (as defined in the agreement) or by Mr. Kempler with good reason (as defined in the agreement), he will be entitled to: (i) the sum of A$1 million provided we have sufficient capital requirements to fulfill this obligation within 90 days of termination date; (ii) business expenses that have not been reimbursed and accrued and unused vacation days; and (iii) the acceleration of the vesting of any unvested options to purchase ordinary shares which may be purchased during the remainder of the exercise period of such options.

- By our company with cause (as defined in the agreement) or by Mr. Kempler without good reason (as defined in the agreement), he will be entitled to business expenses that have not been reimbursed and accrued and unused vacation days. Mr. Kempler will only be permitted to exercise unvested options to purchase shares that had been granted to him prior to the employment agreement.

- Due to death or disability (as defined in the agreement), we shall pay Mr. Kempler or his estate, as applicable, all accrued base salary, pro-rata bonus, business expenses that have not been reimbursed and accrued, unused vacation days (and in the case of disability, less such amounts under any disability policy maintained by our company). Mr. Kempler or his estate, as applicable, will be entitled to exercise vested options for ordinary shares.

The agreement contains customary confidentiality provisions.

Agreement with Chief Operating Officer. On June 12, 2007, we entered into an amendment to an employment agreement with Ms. Angus in connection with her appointment as our Chief Operating Officer, effective as of May 31, 2007. Under the amended agreement we agreed to pay Ms. Angus a base salary of A$268,125 per year, plus superannuation equivalent to 9.0% of the base salary (or the percentage stipulated by applicable Australian law). Effective May 1, 2010, Ms. Angus received a salary increase of 8% bringing her annual base salary to A$315,637. In addition, under the amended agreement, we granted to Ms. Angus options to purchase an additional 250,000 ordinary shares in recognition of our company's achievements and performance. Such options are exercisable for nil consideration on or before August 7, 2014 and will not be exercisable unless the price of our ordinary shares has achieved and maintained a minimum value of A$0.40 for five consecutive trading days. During the 2012 fiscal year, Ms. Angus also received options to purchase 315,637 ordinary shares, which are exercisable for A$0.25 on or before March 20, 2017, as remuneration for her services. The options were granted under the 2004 ASX Plan (as defined below). If we terminate the employment agreement without cause or if Ms. Angus terminates the employment agreement with good reason (as such terms are defined in the agreement) (i) we will pay to Ms. Angus, within 90 days of such termination, the sums she would have been entitled to receive had she continued to provide services for three months following the termination date; and (ii) any unvested options shall be accelerated and will become fully vested and she will be entitled to exercise her options during the remainder of their term.

C. BOARD PRACTICES

Introduction

Our Board of Directors is elected by and accountable to our shareholders. Our Board of Directors' responsibilities are divided into operating activities, financial and capital markets activities and scientific activities. The Chairman of our Board of Directors, currently Mr. Geoffrey Kempler, is responsible for the management of the Board of Directors and its functions.

Election of Directors

Directors are elected at our annual general meeting of shareholders. Under our Constitution, the term of office of our directors are staggered, such that at every annual general meeting of shareholders one-third, rounded down to the nearest whole number, of the directors, except a Managing Director, must retire from office and may offer himself/herself for re-election. No director, except a Managing Director, shall retain office for a period in excess of three years without submitting for re-election. Under Australian law, directors who have reached the age of 72 must stand for re-election annually. Our Board of Directors has the power to appoint any person to be a director, either to fill a vacancy or as an additional director (provided that the total number of directors does not exceed the maximum allowed by law), and any director so appointed may hold office only until the next annual general meeting when he or she shall be eligible for election. Mr. Kempler is our Managing Director. Mr. Brian Meltzer must retire and may stand for re-election at our 2013 annual general meeting of shareholders. Mr. Peter Marks and Mr. Lawrence Gozlan must retire and may stand for re-election at our 2014 annual general meeting of shareholders. Dr. Mihaly must retire and may stand for re-election at our 2015 annual general meeting of shareholders.

Non-Executive and Independent Directors

Australian law does not require a company to appoint a certain number of independent directors to its board of directors or audit committee. However, under the ASX Best Practice Guide, the ASX recommends, but does not require, that an ASX-listed company have a majority of independent directors on its board of directors and that the audit committee be comprised of independent directors, within the meaning of the rules of the ASX. Our Board of Directors currently has five directors, of which four are non-executive directors within the meaning of the ASX Best Practice Guide, and our audit committee consists of such three non-executive directors. Accordingly, we currently comply with the foregoing recommendations of the ASX Best Practice Guidance.

Under the rules of the NASDAQ Stock Market, a majority of our Board of Directors must qualify as independent directors within the meaning of the rules of the NASDAQ Stock Market, each of whom satisfies the respective "independence" requirements of the NASDAQ Stock Market Rules and the Securities and Exchange Commission. Our Board of Directors has determined that each of Messrs. Peter Marks and Brian Meltzer and Dr. George Mihaly qualifies as an independent director under the requirements of the ASX, the NASDAQ Stock Market and the Securities and Exchange Commission.

Committees of the Board of Directors

Our Board of Directors has established the following committees:

Audit Committee. The NASDAQ Stock Market rules require us to establish an audit committee comprised of at least three members, each of whom is financially literate and satisfies the respective "independence" requirements of the Securities and Exchange Commission and NASDAQ and one of whom has accounting or related financial management expertise at senior levels within a company.

Our Audit Committee assists our Board of Directors in overseeing the accounting and financial reporting processes of our company and audits of our financial statements, including the integrity of our financial statements, compliance with legal and regulatory requirements, our independent public accountants' qualifications and independence, the performance of our internal audit function and independent public accountants, and such other duties as may be directed by our Board of Directors. The Audit Committee is also required to assess risk management. The audit committee meets at least four times per year.

Our Audit Committee currently consists of three board members, each of whom satisfies the "independence" requirements of the Securities and Exchange Commission, the NASDAQ Stock Market Rules and ASX Rules. Our Audit Committee is currently composed of Messrs. Marks and Meltzer and Dr. Mihaly.

Remuneration Committee. Our Board of Directors has established a Remuneration Committee, which is comprised solely of independent directors, within the meaning of the NASDAQ Stock Market Rules. The Remuneration Committee is responsible for reviewing the salary, incentives and other benefits of our executive officers and to make recommendations on such matters for approval by our Board of Directors. The Remuneration Committee is also responsible for overseeing and advising our Board of Directors with regard to the adoption of policies that govern our compensation programs, including share and ADR option and employee benefit plans. Additionally, the Remuneration Committee administers our share and ADR option plans and any other employee benefit plans through a sub-committee that it established for this purpose (see Share Plan Committee below). Dr. Mihaly and Mr. Meltzer are the current members of the Remuneration Committee, each of whom qualifies as an "independent director" within the meaning of the NASDAQ Stock Market Rules.

Share Plan Committee. Our Remuneration Committee has established a sub-committee, the Share Plan Committee, which administers our share and ADR option plans. Dr. Mihaly and Mr. Meltzer are the current members of the Share Plan Committee, each of whom qualifies as an "independent director" within the meaning of the NASDAQ Stock Market Rules.

Nominations Committee. Our Board of Directors has established a Nominations Committee, which is comprised solely of independent directors, within the meaning of the NASDAQ Stock Market Rules. The Nominations Committee is responsible for identifying and recommending to the Board of Directors director nominees for election at the annual meetings of shareholders, as well as candidates to fill any vacancies on the Board of Directors or as an addition to existing directors. Dr. Mihaly and Mr. Meltzer are the current members of the Nominations Committee, each of whom qualifies as an "independent director" within the meaning of the NASDAQ Stock Market Rules.

Research and Development Advisory Board. Our Research and Development Advisory Board oversees and administers our research activities. Our Research and Development Advisory Board is comprised of a number of the leading scientists in the field of age-related degenerative disorders. The members of our Scientific Advisory Board are as follows:

Dr. Jeffrey Cummings is the Chairman of our Research and Development Advisory Board. Dr. Cummings is the Camille and Larry Ruvo chair for Brain Health of the Neurological Institute of Cleveland Clinic. The Lou Ruvo Center for Brain Health provides clinical care to patients, promotes innovative programs for caregivers, and advances translational research and clinical trials for patients with neurocognitive deficits. Dr. Cummings was formerly the director of the UCLA Alzheimer's Disease Center; the Augustus S. Rose Professor of Neurology at UCLA and the Director of the Deane F. Johnson Center for Neurotherapeutics. Dr. Cummings' interests embrace clinical trials and the development of new treatments for neurodegenerative disorders and other neurological diseases. Dr. Cummings has broad interests in dementing disorders, neuropsychiatry, neurotherapeutics and the interface of neuroscience and society.

Professor Jean-Marc Orgogozo, MD, is the Chair of the Department of Clinical Neurosciences and Professor of Neurology at the University of Bordeaux, France. Professor Orgogozo has extensive experience in neuroepidemiology and clinical trials, particularly in stroke and dementia. Professor Orgogozo's early publications on the amyloid vaccines have helped to shape the field of anti-amyloid therapeutics. Professor Orgogozo's main therapeutic research now is on the prodromal phase of Alzheimer's disease.

Dr. Craig Ritchie is the Clinical Research Fellow (Senior), Old Age Psychiatry at Imperial College, London. In 2011 Dr. Ritchie was appointed Co-Director of the London (Northwest) Comprehensive Local Research Network. Dr. Ritchie is heavily involved, both clinically and academically, in psychiatric disorders of late life, in particular Alzheimer's disease, delirium and schizophrenia. Dr. Ritchie's interest in conducting and assimilating evidence from clinical trials is based on his clinical background, having worked with elderly patients with dementia for most of his career.

Professor Colin Masters is the Executive Director of the Mental Health Research Institute (Australia) and a Laureate Professor at The University of Melbourne. He is also the Senior Deputy Director of the Florey Institute of Neuroscience and Mental Health. For more than 30 years, Professor Masters has dedicated his research to the study of the nature of Alzheimer's disease and other neurodegenerative disorders. Professor Masters and his team are internationally renowned for their work on the disease and he is considered the most eminent neuroscientist in Australia. In addition, Professor Masters is regarded as one of the leading worldwide researchers in the study of Alzheimer's disease. In 2006, Professor Masters was awarded the Lifetime Achievement Award in Alzheimer's Disease Research at the 10th International Conference on Alzheimer's Disease (ICAD), the Lennox K. Black International Prize for Excellence in Biomedical Research and the Grand Hamdan International Award for a research breakthrough in the subject of Molecular and Cellular Pathology of Neurological Disorders.

Professor Rudolph Emile Tanzi is the Joseph P. and Rose F. Kennedy Professor of Neurology at Harvard Medical School and Director of Genetics and the Aging Research Unit at MGH. Professor Tanzi co-discovered three of the four known Alzheimer's disease genes and contributed greatly to elucidating the molecular mechanisms by which they cause of Alzheimer's disease. Professor Tanzi's laboratory at MGH is one of the leaders in the field. Professor Tanzi conceived the "Metal Hypothesis of Alzheimer's Disease" with Professor Ashley Bush, and over the past 15 years has helped guide the design and development of our platform technology. In January 2012, Professor Tanzi was appointed our Chief Scientific Advisor.

Dr. Steven D. Targum is our Chief Medical Advisor. Dr. Targum consults widely to the pharmaceutical industry regarding the design and implementation of clinical trials for new psychotropic drugs and the progression of drug development from concept to approval to launch. Dr. Targum is well known for his expertise in clinical trials methodologies. In this capacity, Dr. Targum founded both PharmaStar and Clintara LLC, global rater training and medical education companies focused on central nervous system drug development and international clinical trials. Dr.Targum has been Professor of Psychiatry and Vice-Chairman of the Department of Mental Health Sciences at Hahnemann University School of Medicine in Philadelphia, and most recently a consultant in psychiatry at MGH in Boston.

Directors' Service Contracts

Except for the agreement with Mr. Kempler in connection with his employment as our Chief Executive Officer, as described above, there are no arrangements or understandings between us and any of our subsidiaries, on the one hand, and any of our directors, on the other hand, providing for benefits upon termination of their employment or service as directors of our company or any of our subsidiaries.

Indemnification of Directors and Officers

Our Constitution provides that, subject to the Australian Corporations Act, every director, secretary, manager or officer of our company or any person employed by our company as auditor shall be indemnified out of our funds against all liability incurred by such person as a director or officer in defending proceedings, whether civil or criminal, in which judgment is given in the persons favor or in which the person is acquitted in connection with any application under the Australian Corporations Act in which relief is granted to the person by a Court.

Under our Constitution no director, auditor or other officer shall be liable for (i) any acts, receipts, neglect or defaults of any other director or officer for joining in any receipt or other act for conformity; (ii) any loss or expense that may happen to us through the inefficiency or deficiency of title to any property acquired by order of the directors or on our behalf; (iii) the inefficiency or deficiency of any security in or upon which any of our monies shall be invested; (iv) any loss or damage arising from bankruptcy, insolvency or tortuous act of any person with whom any monies, securities or effects shall be deposited; (v) any loss occasioned by any error of judgment, omission, default or oversight on the persons part; or (vi) any other loss damage or misfortune whatsoever which shall happen in relation to those things unless the same shall happen through the persons own negligence, default, breach or duty, breach of trust or dishonesty.

In addition, our Constitution provides that to the extent permitted by law, we may pay, or agree to pay, a premium in respect of a contract insuring a person who is or has been an officer of our company or one of our subsidiaries against a liability:

- incurred by the person in his or her capacity as an officer of our company or a subsidiary of our company provided that the liability does not arise out of a conduct involving a willful breach of duty in relation to our company or a subsidiary of our company; or

- for costs and expenses incurred by that person defending proceedings, whatever their outcome.

We maintain a directors' and officers' liability insurance policy. We have established a policy for the indemnification of our directors and officers against certain liabilities incurred as a director or officer, including costs and expenses associated in successfully defending legal proceedings.

D. EMPLOYEES

At June 30, 2013, we had nine employees. Of such employees, six persons were employed in research and development, two persons in management and administration and one person in operations. All such employees were located in Australia.

At June 30, 2012, we had eight employees. Of such employees, five persons were employed in research and development, two persons in management and administration and one person in operations. All such employees were located in Australia.

At June 30, 2011, we had nine employees. Of such employees, five persons were employed in research and development, two persons in management and administration and two persons in operations. All such employees were located in Australia.

Australian labor laws and regulations are applicable to all of our employees. The laws concern various matters, including severance pay rights at termination, retirement or death, length of work day and work week, minimum wage, overtime payments and insurance for work-related accidents.

E. SHARE OWNERSHIP

Beneficial Ownership of Executive Officers and Directors

The following table sets forth certain information as of October 18, 2013 regarding the beneficial ownership of our ordinary shares by each of our directors and executive officers and by all of our directors and executive officers as a group:

Name	Number of Ordinary Shares Beneficially Owned (1)	Percentage of Ownership (2)
Geoffrey P. Kempler (3)(9)	21,811,000	5.34%
Richard Revelins (4)(10)	1,020,308	*
Dianne Angus (5)	1,026,366	*
Peter Marks (6)(10)	1,043,111	*
Brian D. Meltzer (7)(10)	1,326,666	*
George W. Mihaly (8)(10)	1,226,666	*
Lawrence Gozlan(10)	1,000,000	*
All directors and executive officers as a group (7 persons)	28,454,117	6.97%

* Less than 1%

1. Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission, and generally includes voting or investment power with respect to securities. Ordinary shares relating to options currently exercisable or exercisable within 60 days of the date of the above table are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person. Except as indicated by footnote, and subject to community property laws where applicable, the persons named in the table above have sole voting and investment power with respect to all shares shown as beneficially owned by them.

2. The percentages shown are based on 408,128,419 ordinary shares issued and outstanding as of October 18, 2013.

3. Of the 17,811,000 outstanding ordinary shares, 30,000 ordinary shares are held of record by Mr. Kempler, 13,965,000 ordinary shares are held by Baywick Pty Ltd., an Australian corporation owned by Mr. Kempler, 756,000 ordinary shares are held by Sadarajak Pty Ltd., an Australian corporation owned by Mr. Kempler, 90,000 ordinary shares are held of record by Crystal Triangle Pty Ltd., an Australian corporation owned by Mr. Kempler and 2,970,000 ordinary shares are held of record by NRB Developments Pty Ltd., an Australian corporation in which Mr. Kempler holds a 50% interest. Mr. Kempler may be deemed to be the beneficial owner of the ordinary shares held of record by Baywick Pty Ltd., Crystal Triangle Pty Ltd. and NRB Developments Pty Ltd.

4. The 20,308 outstanding ordinary shares that are held of record by Darontack Pty Ltd., an Australian corporation owned by Mr. Revelins.

5. Includes (i) options to purchase 722,419 ordinary shares that are exercisable for nil consideration on or before August 7, 2014, which may not be exercised unless the price of our ordinary shares has achieved and maintained a minimum value of A$0.40 for five consecutive trading days; (ii) options to purchase 146,128 ordinary shares that are exercisable for A$0.15 consideration on or before March 31, 2014; and (iii) options to purchase 157,819 ordinary shares that are exercisable for A$0.25 consideration on or before March 20, 2017.

6. The 43,111 outstanding ordinary shares are held of record by Lampam Pty Ltd, an Australian corporation owned by Mr. Peter Marks.

7. The 326,666 outstanding ordinary shares are held of record by RBC Dexia Pty Ltd., a superannuation fund of Mr. Meltzer.

8. Of the 226,666 outstanding ordinary shares, 166,666 ordinary shares are held of record by Dr. Mihaly, 52,000 ordinary shares are held of record by Waide Pty Ltd., an Australian corporation owned by Dr. Mihaly, and 4,000 ordinary shares are held of record by each of Kieren Mihaly and Warwick Mihaly, Dr. Mihaly's sons. Dr. Mihaly disclaims beneficial ownership of the ordinary shares held by his sons, Kieren Mihaly and Warwick Mihaly.

9. Includes options to purchase 4,000,000 ordinary shares that are exercisable for A$0.33 consideration on or before December 13, 2017.

10. Includes options to purchase 1,000,000 ordinary shares that are exercisable for A$0.33 consideration on or before December 13, 2017.

Stock Option Plans

In November 2004, we adopted the 2004 Employees', Directors' and Consultants' Share and Option Plan, or the 2004 ASX Plan, and the 2004 American Depository Share (ADS) Option Plan, or the 2004 ADS Plan. For the description below, the 2004 ASX Plan and 2004 ADS Plan are referred to together as the 2004 Plans. Under the 2004 ASX Plan we may issue ordinary shares and under the 2004 ADS Plan we may issue ADSs. We were initially authorized to issue under the 2004 Plans up to an aggregate 12,000,000 ordinary shares or ADSs representing 12,000,000 ordinary shares. Pursuant to subsequent shareholder approvals, the most recent of which was in November 2009, we are entitled to issue up to an aggregate 60,000,000 ordinary shares (or ADSs representing 60,000,000 ordinary shares) under the 2004 Plans. Any increase in such maximum number of ordinary shares or ADSs issuable under the 2004 Plans is subject to shareholder approval.

2004 ASX Plan. The purpose of the 2004 ASX Plan is to promote the interest of our company and the interest of the employees, directors and consultants of our company and its subsidiaries. Under the 2004 ASX Plan, we may issue to employees, directors and consultants of our company and its subsidiaries, from time to time, ordinary shares, either by issuance of ordinary shares or under options to purchase ordinary shares granted under the 2004 ASX Plan.

The 2004 ASX Plan is administered by the Share Plan Committee, a sub-committee of the Remuneration Committee. For the purpose of the disclosure below, the term "Remuneration Committee" shall refer to the Remuneration Committee or Share Plan Committee, as applicable. Subject to Board approval where required by applicable law, the Remuneration Committee has the authority, in its sole discretion, to grant options under the 2004 ASX Plan, to interpret the provisions of the 2004 ASX Plan and to prescribe, amend, and rescind rules and regulations relating to the 2004 ASX Plan or any issue or grant thereunder as it may deem necessary or advisable, subject to any other approval if required by applicable law. All decisions made by the Remuneration Committee pursuant to the provisions of the 2004 ASX Plan will be final, conclusive and binding on all persons.

The number of shares issued or options granted, the exercise price and option term or options granted, the vesting schedule and escrow periods of shares issued and options granted, under the 2004 ASX Plan are determined by the Remuneration Committee, in accordance with the provisions of the ASX Plan, and specified in an offer document from our company and accepted by the eligible person, subject to the terms of the 2004 ASX Plan. Options granted under the 2004 ASX Plan will be unlisted and exercisable at an exercise price equal to less than market value of an ordinary share on the ASX at the date of grant, or such other exercise price that the Remuneration Committee determines to be appropriate under the circumstances. The term of an option granted under the 2004 ASX Plan will be determined by the Remuneration Committee; however, no option will be exercisable after the expiration of ten years from the date of its grant. Except as otherwise provided in the 2004 ASX Plan or determined by the Remuneration Committee and set forth in an offer document, the issuance of shares and exercise of options granted under the 2004 ASX Plan will either (i) be subject to an escrow, under which such shares or options cannot be disposed of or exercised, respectively, within six months from the date of issue or grant (or 12 months if issued or granted to a director); or (ii) will vest over a four year period in four equal installments, 25% at the end of each year from the date of grant. Shares issued and options granted under the 2004 ASX Plan may be subject to other performance criteria and hurdles, as determined by the Remuneration Committee.

2004 ADS Plan. The purpose of the 2004 ADS Plan is to promote the interests of our company and non-Australian based employees, officers, consultants, independent contractors and directors. Options granted under the 2004 ADS Plan may be incentive stock options, as provided in Section 422 of the Internal Revenue Code of 1986, as amended, or the Code, or non-qualified stock options. Incentive stock options may only be granted to employees of our company and its subsidiaries (including, without limitation, officers and directors who are also employees of our company and its subsidiaries) and may not be granted to any owner of 10% or more of the total combined voting power of all classes of stock of our company and subsidiaries, or a 10% Holder. To the extent that the aggregate fair market value, determined on the date that an option is granted, of ADSs, with respect to which incentive stock options are exercisable for the first time by an optionee during any calendar year exceeds US$100,000, such option shall be treated as a non-qualified stock option.

Under the 2004 ADS Plan, we may grant to employees, officers, consultants, independent contractors and directors of our company or any of its subsidiaries, from time to time, options to purchase ADSs representing our ordinary shares. The number of ADSs with respect to which options may be granted to any employee under the 2004 ADS Plan in any calendar year shall not exceed 500,000 ADSs (representing 5,000,000 of our ordinary shares). ADSs that are forfeited under the terms of the 2004 ADS Plan and ADSs that are the subject to options that expire unexercised or which are otherwise surrendered by an optionee without receiving any payment or other benefit with respect to such option may again become available for new option grants under the 2004 ADS Plan.

The 2004 ADS Plan is administered by our Share Plan Committee. Subject to Board approval where required by applicable law, the Remuneration Committee has authority, in its sole discretion, to grant options under the 2004 ADS Plan, to interpret the provisions of the 2004 ADS Plan and to prescribe, amend, and rescind rules and regulations relating to the 2004 ADS Plan or any options granted thereunder as it may deem necessary or advisable, subject to any other approval if required by applicable law. All decisions made by the Remuneration Committee pursuant to the provisions of the 2004 ADS Plan shall be final, conclusive and binding on all persons.

The type of option (incentive stock option or non-qualified stock option), exercise price, option term and vesting schedule of options granted under the 2004 ADS Plan are determined by the Remuneration Committee, in accordance with the provisions of the ADS Plan, and specified in an option agreement by and between our company and the optionee, subject to the terms of the 2004 ADS Plan. The exercise price per each ADS will be determined by the Remuneration Committee at the time any option is granted, however the exercise price of an incentive stock option will not be less than 100% of the fair market value of such ADS on the date of the grant and the price of an incentive stock option granted to a 10% Holder will not be less than 110% of the fair market value of such ADS on the date of the grant. Options granted under the 2004 ADS Plan will not be exercisable after the expiration of ten years from the date of grant, and in the case of an incentive stock option granted to a 10% Holder, the term of the option will be five years from the date of grant or such shorter term as may be provided in the option agreement. The options will vest over a four year period in four equal installments, 25% at the end of each year from the date of grant, unless otherwise provided by the Remuneration Committee in an option agreement.

Options granted under the 2004 ADS Plan are not assignable or transferable by the grantee, other than by will or the laws of descent and distribution, and may be exercised during the lifetime of the grantee only by the grantee or his guardian or legal representative.

A summary of the status of the 2004 Plans as of June 30, 2013, 2012 and 2009, and changes during the years ended on those dates, is presented below:

	As of June 30,					
	2013		2012		2011	
	Amount	Weighted average exercise price	Amount	Weighted average exercise price	Amount	Weighted average exercise price
Options outstanding at the beginning of the year	7,831,311	$ 0.26	15,855,394	$ 0.26	16,271,183	$ 0.25
Granted	4,158,674	$ 0.25	200,000	--	2,204,609	$ 0.10
Exercised	(341,865)	--	(816,583)	--	(420,398)	--
Expired	--	--	(7,327,500)	$ 0.23	(2,200,000)	--
Forfeited	(1,500,437)	$ 0.25	(80,000)	--	--	--
Options outstanding at the end of the year	10,147,683	$ 0.27	7,831,311	$ 0.26	15,855,394	$ 0.26
Options exercisable at the end of the year	9,126,993	$ 0.27	6,810,621	$ 0.29	12,277,204	$ 0.34
Options that may be granted as of the end of the year	31,819,485		34,897,723		42,850,233	

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

There are no major shareholders as of October 18, 2013, known to us who own beneficially more than 5% of our ordinary shares.

Significant Changes in the Ownership of Major Shareholders

Mr. Geoffrey Kempler. On April 11, 2013, Mr. Kempler, who previously reported to hold a substantial amount of our ordinary shares, filed with the ASX a Notice of Ceasing to be a Substantial Holder.

Jagen Nominees Pty Ltd. On October 9, 2012, Jagen Nominees Pty Ltd, who previously reported to hold a substantial amount of our ordinary shares, filed with the ASX a Notice of Ceasing to be a Substantial Holder.

BAM Capital. On January 6, 2011, BAM Capital and the other reporting persons filed Amendment No. 7 to their Schedule 13G with the Securities and Exchange Commission indicating that they have ceased to beneficially own 5% or more of our outstanding shares.

Bank of America Corporation. On August 19, 2011, Bank of America Corporation, who previously reported to hold a substantial amount of our ordinary shares, filed with the ASX a Notice of Ceasing to be a Substantial Holder.

Morgan Stanley Australia Securities Limited. On February 14, 2011, Morgan Stanley Australia Securities Limited, who previously reported to hold a substantial amount of our ordinary shares, filed Amendment No. 2 to Schedule 13G with the Securities and Exchange Commission indicating that it has ceased to beneficially own 5% or more of our outstanding shares.

Major Shareholders Voting Rights

Our major shareholders do not have different voting rights.

Record Holders

As of October 18, 2013, there were 3,283 holders of record of our ordinary shares, of which 20 record holders, holding approximately 2.10% of our ordinary shares, had registered addresses in the United States. These numbers are not representative of the number of beneficial holders of our shares nor are they representative of where such beneficial holders reside, since many of these ordinary shares were held of record by brokers or other nominees. The majority of trading by our U.S. investors is done by means of ADRs that are held of record by National Nominees Ltd., which held 55.69% of our ordinary shares as of such date.

B. RELATED PARTY TRANSACTIONS

None.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

See our consolidated financial statements, including the notes thereto, in Item 18.

Legal Proceedings

We are not involved in any legal proceedings nor are we subject to any threatened litigation that is material to our business or financial condition.

Dividend Distribution Policy

We have never paid cash dividends to our shareholders. We intend to retain future earnings for use in our business and do not anticipate paying cash dividends on our ordinary shares in the foreseeable future. Any future dividend policy will be determined by the Board of Directors and will be based upon various factors, including our results of operations, financial condition, current and anticipated cash needs, future prospects, contractual restrictions and other factors as the Board of Directors may deem relevant.

B. SIGNIFICANT CHANGES

There have been no significant changes in the operation or financial condition of our company since June 30, 2013.

ITEM 9. THE OFFER AND LISTING

A. OFFER AND LISTING DETAILS

Australian Securities Exchange

Our ordinary shares have traded on the ASX since our initial public offering on March 29, 2000. The following table sets forth, for the periods indicated, the high and low market quotations for our ordinary shares, as quoted on the ASX.

	Per Ordinary Share (A$)	
	High	Low
Fiscal Year Ended June 30,		
2009	0.69	0.12
2010	0.25	0.12
2011 `	0.38	0.11
2012	0.22	0.14
2013	0.31	0.14
Fiscal Year Ended June 30, 2012:		
First Quarter	0.22	0.14
Second Quarter	0.19	0.14
Third Quarter	0.19	0.14
Fourth Quarter	0.18	0.14
Fiscal Year Ended June 30, 2013:		
First Quarter	0.29	0.14
Second Quarter	0.31	0.20
Third Quarter	0.26	0.19
Fourth Quarter	0.25	0.20
Fiscal Year Ended June 30, 2014:		
First Quarter	0.74	0.24
Month Ended:		
April 2013	0.22	0.20
May 2013	0.25	0.20
June 2013	0.25	0.22
July 2013	0.41	0.24
August 2013	0.74	0.36
September 2013	0.64	0.37
October 2013 (through October 18)	0.46	0.41

NASDAQ Capital Market

Since September 5, 2002 our Level II ADRs have traded on the NASDAQ Capital Market under the symbol "PRAN." The following table sets forth, for the periods indicated, the high ask and low bid prices of our Level II ADRs on the NASDAQ Capital Market:

	Per ADR (US$)	
	High	**Low**
Fiscal Year Ended June 30,		
2009	5.70	1.00
2010	3.35	1.02
2011 `	4.50	1.09
2012	2.31	1.40
2013	3.06	1.50
Fiscal Year Ended June 30, 2012:		
First Quarter	2.31	1.40
Second Quarter	1.78	1.40
Third Quarter	2.03	1.46
Fourth Quarter	1.74	1.41
Fiscal Year Ended June 30, 2013:		
First Quarter	2.74	1.50
Second Quarter	3.06	1.81
Third Quarter	2.94	2.06
Fourth Quarter	2.45	2.12
Fiscal Year Ended June 30, 2014:		
First Quarter	6.50	2.31
Month Ended:		
April 2013	2.36	2.17
May 2013	2.45	2.15
June 2013	2.45	2.12
July 2013	3.96	2.31
August 2013	6.50	3.17
September 2013	5.59	3.44
October 2013 (through October 18)	4.37	3.66

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

The principal listing of our ordinary shares and listed options to purchase ordinary shares is on the ASX. As of April 5, 2002, our ADRs were eligible to trade on the NASDAQ Capital OTC Bulletin Board in the United States and since September 5, 2002, our ADRs have traded on the NASDAQ Capital Market under the symbol "PRAN." We entered into a Deposit Agreement with the Bank of New York under which the Bank of New York, acting as depositary, issues ADRs, each of which evidences an ADS, which in turn represents ten of our ordinary shares.

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

We were registered on November 11, 1997 as Prana Pty Ltd and on November 26, 1999 we converted to a public company and changed our name to Prana Corporation Ltd. On January 1, 2000, we changed our name to Prana Biotechnology Ltd. Our registration number is ACN 080699065.

Prana's Purposes and Objects

As a public company we have all the rights, powers and privileges of a natural person. Our Constitution does not specify any purposes or objects.

The Powers of the Directors

Under the provisions of our Constitution our directors may exercise all of the powers of our company, other than those that are required by our Constitution or the Corporations Law of Australia to be exercised at a general meeting of shareholders. A director may participate in a meeting and vote on a proposal, arrangement or contract in which he or she is materially interested, so long as the director's interest is declared in accordance with the Corporations Law. The authority of our directors to enter into borrowing arrangements on our behalf is not limited, except in the same manner as any other transaction by us.

Rights Attached to Our Ordinary Shares

The concept of authorized share capital no longer exists in Australia and as a result, our authorized share capital is unlimited. All our outstanding ordinary shares are validly issued, fully paid and non-assessable. The rights attached to our ordinary shares are as follows:

Dividend rights. If our board of directors recommends a dividend, registered holders of our ordinary shares may declare a dividend by ordinary resolution in a general meeting. The dividend, however, cannot exceed the amount recommended by our board of directors. Our board of directors may declare an interim dividend. No dividend may be paid except out of our profits.

Voting rights. Holders of ordinary shares have one vote for each ordinary share held on all matters submitted to a vote of shareholders. Such voting rights may be affected by the grant of any special voting rights to the holders of a class of shares with preferential rights that may be authorized in the future.

The quorum required for an ordinary meeting of shareholders consists of at least two shareholders represented in person or by proxy who hold or represent, in the aggregate, at least one third of the voting rights of the issued share capital. A meeting adjourned for lack of a quorum generally is adjourned to the same day in the following week at the same time and place or any time and place as the directors designate in a notice to the shareholders. At the reconvened meeting, the required quorum consists of any two members present in person or by proxy.

An ordinary resolution, such as a resolution for the declaration of dividends, requires approval by the holders of a majority of the voting rights represented at the meeting, in person, by proxy or by written ballot and voting thereon. Under our Constitution, a special resolution, such as amending our Constitution, approving any change in capitalization, winding-up, authorization of a class of shares with special rights, or other changes as specified in our Constitution, requires approval of a special majority, representing the holders of no less than 75% of the voting rights represented at the meeting in person, by proxy or by written ballot, and voting thereon.

Pursuant to our Constitution, our directors are elected at our annual general meeting of shareholders by a vote of the holders of a majority of the voting power represented and voting at such meeting.

Rights in our profits. Our shareholders have the right to share in our profits distributed as a dividend and any other permitted distribution.

Rights in the event of liquidation. In the event of our liquidation, after satisfaction of liabilities to creditors, our assets will be distributed to the holders of ordinary shares in proportion to the nominal value of their holdings. This right may be affected by the grant of preferential dividend or distribution rights to the holders of a class of shares with preferential rights that may be authorized in the future.

Changing Rights Attached to Shares

According to our Constitution, in order to change the rights attached to any class of shares, unless otherwise provided by the terms of the class, such change must be adopted by a general meeting of the shareholders and by a separate general meeting of the holders of the affected class with a majority of 75% of the voting power participating in such meeting.

Annual and Extraordinary Meetings

Our Board of Directors must convene an annual meeting of shareholders at least once every calendar year, within five months of our last fiscal year-end balance sheet data. Notice of at least 28 days prior to the date of the meeting is required. An extraordinary meeting may be convened by the board of directors, it decides or upon a demand of any directors, or of one or more shareholders holding in the aggregate at least five percent of our issued capital. An extraordinary meeting must be called not more than 21 days after the request is made. The meeting must be held not later than two months after the request is given.

Limitations on the Rights to Own Securities in Our Company

Neither our Constitution nor the laws of the Commonwealth of Australia restrict in any way the ownership or voting of our shares.

Changes in Our Capital

Pursuant to the Listing Rules of the ASX, our directors may in their discretion issue securities equal to not more than 15% of our issued capital within a 12-month period. Issuances of securities in excess of such amount require the approval of our shareholders by an ordinary resolution.

C. MATERIAL CONTRACTS

On December 1, 2000, we entered into a research funding and intellectual property assignment agreement with the University of Melbourne, under which the University of Melbourne agreed to conduct certain research projects on our behalf. Such projects include structure-based drug design involving the design of various metal-based compounds as potential diagnostics and therapeutics, drug screening and development involving the characterization of our compounds *in vitro* and *in vivo* models of neurodegenerative disorders, and cell-based drug discovery involving the screening and assessment of our compounds in cell-based systems to measure toxicity and cellular dysfunction and to develop new screens for our company. In consideration of such services, we agreed to pay the University of Melbourne a sum of A$591,000 (inclusive of goods and services tax). In consideration for the assignment of rights to intellectual property developed by the University of Melbourne during the research period, we agreed to pay to the University of Melbourne royalties equal to 1.5% of the net invoice price of all products incorporating such intellectual property sold by us or on our behalf, or, the lesser of 1.5% of the net invoice price of such products sold by a licensee or assignee and 10% of gross revenues received from licensees or assignees relating to the exploitation of such intellectual property. The parties extended the term of this agreement by entering into consecutive agreements on December 1, 2003, December 1, 2006 and December 1, 2009. The recent research funding and intellectual property assignment agreement is deemed to have commenced as of the expiration date of the previous agreement on December 1, 2009 and expired on December 1, 2012. The parties entered into a new research funding and intellectual property assignment agreement with the same key terms which will expire on December 31, 2013. The funding under this agreement is A$512,917 (exclusive of goods and services tax).

On January 8, 2004, we entered into a ten year consultancy services agreement with Professor Ashley Bush, effective as of February 1, 2003. This agreement was terminated by Professor Bush effective January 18, 2012. The services are provided for a maximum of 40 days per year of service under the agreement. Under the agreement, we agreed to pay Professor Bush a consulting fee of US$100,000 per year, which were then reduced to AU$60,000 per year effective June 1, 2009, increasing on the anniversary of the agreement by the Australian consumer price index. We also agreed, as a bonus package, to issue to Professor Bush 1,650,000 ordinary shares and to grant to him options to purchase 825,000 ordinary shares at an exercise price of A$0.50 per share, all of which has been vested. The ordinary shares issued and options granted to Professor Bush under the agreement are subject to certain resale restrictions. In addition, subject to the achievement of certain milestones, Professor Bush is entitled to purchase up to 5,000,000 additional ordinary shares at a price per share that is 10% below the mean market price of our ordinary shares during the 30-day period prior to their purchase. In 2007, the first milestone has been achieved (the publication of results of a Phase II trial) and Professor Bush acquired 250,000 ordinary shares. During the period of 20 years after the effective date of the agreement, Professor Bush is also entitled to receive royalties equal to 5% of the income that we derive from the exploitation of new intellectual property developed by him or contributed to our company though his services pursuant to the agreement.

On July 28, 2004, we and The General Hospital Corporation of Massachusetts settled all outstanding litigation with P.N. Gerolymatos S.A., or P.N.G., regarding the exploitation rights to certain patents relating to pharmaceutical compositions and uses of clioquinol, or PBT1. As a result of the settlement agreement, we now hold the rights to selected uses of clioquinol and pharmaceutical compositions in the United States and in Japan, and P.N.G. holds certain patent rights on the uses of clioquinol for Europe and other territories. Under the settlement agreement we also agreed to pay a sales royalty to P.N.G. on sales of PBT1 in the United States and Japan and we are entitled to receive a percentage of P.N.G.'s income on sales of PBT1 in the other territories. In April 2005, we announced our decision not to proceed with the PBT1 study. P.N.G. is also entitled to receive 2% of our worldwide income from PBT2 and any other future clioquinol derivative.

On May 22, 2007, we entered into an agreement with Patheon to undertake the capsule formulation development and prospective clinical trial manufacturing of PBT2 into capsules to support prospective further development of PBT2 into a Phase IIb study and/or other secondary clinical applications of PBT2. During the 2008 fiscal year, Patheon undertook the development of a capsule formulation suitable for large scale manufacture, as well as the development and validation of analytical methods to release the capsules. During the 2009 fiscal year, Patheon manufactured a feasibility batch of capsules using the newly developed process. During the 2010 and 2011 fiscal years, Patheon manufactured the capsules which are currently being used in the Alzheimer's Phase II trial, "IMAGINE," and the Huntington's Phase IIa trial, "Reach2HD." In fiscal year 2013, Patheon undertook the manufacture of additional capsules which have subsequently been used in the IMAGINE extension trial. In addition, we have engaged Patheon to undertake formulation optimization in preparation for prospective Phase III clinical development. We paid Patheon US$220,935, US$97,629, US$196,654, US$296,551 and US$238,737 for the fiscal years 2013, 2012, 2011, 2010 and 2009, respectively, for services provided under the agreement.

In June 2007, we entered into two GMP drug manufacture and laboratory development agreements with the Institute for Drug Technology Australia Limited, or IDT, to undertake the GMP manufacture of an initial 4kg batch and subsequent large scale manufacture of 30kg of PBT2. IDT is engaged to also undertake process development, quality control release testing and stability testing of the final drug product before its release. Currently IDT is handling the storage and stability testing of the PBT2 API used in the Reach2HD trial. We paid IDT A$5,129, A$20,908, A$16,400 and A$18,635 for the fiscal years 2013, 2012, 2011 and 2010, respectively, for services provided under the two agreements.

In December 2008, we entered into a process development and manufacturing agreement with Dr. Reddy's to enable the transfer of existing manufacturing methods for PBT2 to Dr. Reddy's to work on improving the route of manufacture, optimization and scale up manufacture of PBT2. The agreement is comprised of a series of independent sub-projects, each of which is subject to our prior authorization to be initiated and funded, at our sole discretion. At this time, most of the work is completed, including the large scale manufacture of approximately 50kg of PBT2 API. Ongoing work includes stabilization of the API and storage of chemical precursors. The term of the agreement is for 90 days post the receipt by us of a written report or manufacturing deliverables under the last approved sub-project under the agreement. Early termination is available to either party under specified conditions, including material breach and voluntary termination by either party upon 30 days written notice. On August 19, 2013, we entered into a new manufacturing service agreement to produce 20kg with an option for a further 40kg of PBT2 to service prospective Phase III trials. The agreement provides for payments totaling A$770,000 to Dr. Reddy for its services. We paid Dr. Reddy's US$14,100, US$190,500, US$685,000 and US$175,500 for the fiscal years 2013, 2012, 2011 and 2010, respectively, for services provided under the agreement.

On June 21, 2013, we entered into an Agreement with Bioreliance Corporation based in Rockville, Maryland to commence an initial toxicity study to support the prospective carcinogenicity study in transgenic mice.

On July 13, 2011, we entered into an At-The-Market Issuance Sales Agreement with MLV, under which we may sell ADSs, each representing ten ordinary shares, from time to time through MLV, as our agent for the offer and sale of the ADSs. This agreement was amended on August 30, 2013. The aggregate offering price for the ordinary shares represented by ADSs may not exceed the aggregate amount that can be sold under the registration statement that we filed on August 30, 2013, which amount is US$47,184,000. The ADSs are evidenced by ADRs. We will pay MLV a commission equal to 3% of the gross proceeds of the sales price of all ADSs sold through it as sales agent under the sales agreement. Because there is no minimum offering amount required as a condition to closing this offering, the actual total public offering amount, commissions and proceeds to us, if any, are not determinable at this time. The offering of our ADSs pursuant to the sales agreement will terminate on the earliest of (1) the sale of all of the ordinary shares subject to the sales agreement, or (2) termination of the sales agreement by us or MLV. We and MLV may terminate the sales agreement at any time in our sole discretion upon five days prior notice. MLV may terminate the sales agreement at any time in certain circumstances, including the occurrence of a material adverse change that, in the sales agent's judgment, may make it impracticable or inadvisable to market or sell our ADSs or a suspension or limitation of trading of our ADSs on The NASDAQ Capital Market. As of June 30, 2013, we issued a total amount of 3.71 million ADSs under this At-The-Market Issuance Sales Agreement for gross proceeds of A$7.0 million (US$7.25 million).

On October 7, 2011, we entered into a Clinical Trial Agreement with the University of Rochester to perform the Phase IIa "Reach2HD" study in patients with Huntington's disease. The scope of works under the agreement includes study preparation, clinical site selection, study establishment, clinical site monitoring, preparation of operations manuals, database design to capture patient data, administer site payments and conduct investigator meetings, safety reporting and day to day study management. Our budget to perform these activities is approximately US$5,000,000 and is paid in milestones on achievement of their execution, such as opening an IND, receipt of Institutional Review Board approval, initial enrollment, database lock, provisions of results and the clinical study report. In addition, quarterly payments are paid during the enrollment and implementation phases of the trial. Either party may terminate the Agreement on 30 days' notice for breach of the Agreement or Protocol, insolvency, if continuance of the trial posed an unacceptable risk to safety and interests of the patients. We may terminate the Agreement for any reason upon 30 days' notice. We paid the University of Rochester US$2,834,289 and US$894,653 for the fiscal year ended June 30, 2013 and 2012.

On June 14, 2012 we entered into a Clinical Research Support Agreement with GHC to undertake analysis of biomarkers from biological samples taken from patients and perform neuroimaging on a subset of patients from the "Reach2HD" clinical trial. The budget to perform these activities is $US303,125. Either party may terminate the Agreement on 30 days' notice for breach of the Agreement. We may terminate the Agreement on 30 days' notice for any reason.

D. EXCHANGE CONTROLS

Australia has largely abolished exchange controls on investment transactions. The Australian dollar is freely convertible into U.S. dollars. In addition, there are currently no specific rules or limitations regarding the export from Australia of profits, dividends, capital, or similar funds belonging to foreign investors, except that certain payments to non-residents must be reported to the Australian Cash Transaction Reports Agency, which monitors such transactions, and amounts on account of potential Australian tax liabilities may be required to be withheld unless a relevant taxation treaty can be shown to apply.

The Foreign Acquisitions and Takeovers Act 1975

Under Australian law, in certain circumstances foreign persons are prohibited from acquiring more than a limited percentage of the shares in an Australian company without notification to or approval from the Australian Treasurer. These limitations are set forth in the Australian Foreign Acquisitions and Takeovers Act, or the Takeovers Act.

Under the Takeovers Act, as currently in effect, any foreign person, together with associates, is prohibited from acquiring 15% or more of the shares in any company having total assets exceeding A$244 million or more. In addition, a foreign person may not acquire shares in a company having total assets of A$244 million or more if, as a result of that acquisition, the total holdings of all foreign persons and their associates will exceed 40% in aggregate without the approval of the Australian Treasurer. However, for "U.S. Investors," a threshold of A$1,062 million applies (except in certain circumstances) to each of the previous acquisitions. A "U.S. Investor" is defined by the Takeovers Act as a U.S. national or a U.S. enterprise.

If the necessary approvals are not obtained, the Treasurer may make an order requiring the acquirer to dispose of the shares it has acquired within a specified period of time. Under the current Australian foreign investment policy, however, it is unlikely that the Treasurer would make such an order where the level of foreign ownership exceeds 40% in the ordinary course of trading, unless the Treasurer finds that the acquisition is contrary to the national interest. The same rule applies if the total holdings of all foreign persons and their associates already exceeds 40% and a foreign person (or its associate) acquires any further shares, including in the course of trading in the secondary market of the ADRs. At present, we do not have total assets of A$244 million.

If the level of foreign ownership exceeds 40% at any time, we would be considered a foreign person under the Takeovers Act. In such event, we would be required to obtain the approval of the Treasurer for our company, together with our associates, to acquire (i) more than 15% of an Australian company or business with assets totaling over A$244 million; or (ii) any direct or indirect ownership interest in Australian residential real estate.

The percentage of foreign ownership in our company would also be included in determining the foreign ownership of any Australian company or business in which it may choose to invest. Since we have no current plans for any such acquisitions and do not own any property, any such approvals required to be obtained by us as a foreign person under the Takeovers Act will not affect our current or future ownership or lease of property in Australia.

Our Constitution does not contain any additional limitations on a non-resident's right to hold or vote our securities.

Australian law requires the transfer of shares in our company to be made in writing. No stamp duty will be payable in Australia on the transfer of ADRs.

E. TAXATION

The following is a discussion of Australian and United States tax consequences material to our shareholders. To the extent that the discussion is based on tax legislation which has not been subject to judicial or administrative interpretation, the views expressed in the discussion might not be accepted by the tax authorities in question or by court. The discussion is not intended, and should not be construed, as legal or professional tax advice and does not exhaust all possible tax considerations.

Holders of our ADSs should consult their own tax advisors as to the United States, Australian or other tax consequences of the purchase, ownership and disposition of ADSs, including, in particular, the effect of any foreign, state or local taxes.

AUSTRALIAN TAX CONSEQUENCES

In this section we discuss the material Australian tax considerations that apply to non-Australian tax residents with respect to the acquisition, ownership and disposal of the absolute beneficial ownership of ADSs, which are evidenced by ADRs. This discussion is based upon existing Australian tax law as of the date of this annual report, which is subject to change, possibly retrospectively. This discussion does not address all aspects of Australian income tax law which may be important to particular investors in light of their individual investment circumstances, such as ADSs or shares held by investors subject to special tax rules (for example, financial institutions, insurance companies or tax exempt organizations). In addition, this summary does not discuss any foreign or state tax considerations, other than stamp duty. Prospective investors are urged to consult their tax advisors regarding the Australian and foreign income and other tax considerations of the purchase, ownership and disposition of the ADSs or shares.

Nature of ADSs for Australian Taxation Purposes

Holders of our ADSs are treated as the owners of the underlying ordinary shares for Australian income tax and capital gains tax purposes. Therefore, dividends paid on the underlying ordinary shares will be treated for Australian tax purposes as if they were paid directly to the owners of ADSs, and the disposal of ADSs will be treated for Australian tax purposes as the disposal of the underlying ordinary shares. In the following analysis we discuss the application of the Australian income tax and capital gains tax rules to non-Australian resident holders of ADSs.

Taxation of Dividends

Australia operates a dividend imputation system under which dividends may be declared to be 'franked' to the extent of tax paid on company profits. Fully franked dividends are not subject to dividend withholding tax. Dividends that are not franked or are partly franked and are paid to non-Australian resident stockholders are subject to dividend withholding tax, but only to the extent the dividends are not franked.

Unfranked dividends paid to a non-resident stockholder are subject to withholding tax at 30%, unless the stockholder is a resident of a country with which Australia has a double taxation agreement. In accordance with the provisions of the Double Taxation Convention between Australia and the United States, the maximum rate of Australian tax on unfranked dividends to which a resident of the United States is beneficially entitled is 15%, where the U.S. resident holds less than 10% of the voting rights in our company, or 5% where the US resident holds 10% or more of the voting rights in our company. The Double Taxation Convention between Australia and the United States does not apply to limit the tax rate on dividends where the ADSs are effectively connected to a permanent establishment or a fixed base carried on by the owner of the ADSs in Australia through which the stockholder carries on business or provides independent personal services, respectively.

Tax on Sales or other Dispositions of Shares - Capital Gains Tax

Australian capital gains derived by non-Australian residents in respect of the disposal of capital assets that are not taxable Australian property will be disregarded. Non-Australian resident stockholders will not be subject to Australian capital gains tax on the capital gain made on a disposal of our shares, unless they, together with associates, hold 10% or more of our issued capital, tested either at the time of disposal or over any continuous 12 month period in the 24 months prior to disposal, and the value of our shares at the time of disposal are wholly or principally attributable to Australian real property assets.

Australian capital gains tax applies to net capital gains at a taxpayer's marginal tax rate. Previously, certain stockholders, such as individuals were entitled to a discount of 50% for capital gains on shares held for greater than 12 months. However, as part of the 2012-2013 Federal Budget measures, the Australian Government announced changes to the application of the CGT discount for foreign resident individuals on taxable Australian assets, including shares. These changes became effective on 29 June 2013.

The effect of the change is to:

- Retain access to the full CGT discount for discount capital gains of foreign resident individuals in respect of the increase in the value of a CGT asset that occurred before 9 May 2013; and

- Remove the CGT discount for discount capital gains for foreign resident individuals that arise after 8 May 2013.

Foreign residents will still have access to a discount on discount capital gains accrued prior to 8 May 2013 provided they choose to obtain a market valuation for their assets as at that date.

Net capital gains are calculated after reduction for capital losses, which may only be offset against capital gains.

Tax on Sales or other Dispositions of Shares - Stockholders Holding Shares on Revenue Account

Some non-Australian resident stockholders may hold shares on revenue rather than on capital account, for example, share traders. These stockholders may have the gains made on the sale or other disposal of the shares included in their assessable income under the ordinary income provisions of the income tax law, if the gains are sourced in Australia.

Non-Australian resident stockholders assessable under these ordinary income provisions in respect of gains made on shares held on revenue account would be assessed for such gains at the Australian tax rates for non-Australian residents, which start at a marginal rate of 29% for non-Australian resident individuals. From July 1, 2013, the marginal tax rate for non-Australia residents will start at 32.5%. Some relief from the Australian income tax may be available to such non-Australian resident stockholders under the Double Taxation Convention between the United States and Australia, for example, because the stockholder does not have a permanent establishment in Australia.

To the extent an amount would be included in a non-Australian resident stockholder's assessable income under both the capital gains tax provisions and the ordinary income provisions, the capital gain amount would generally be reduced, so that the stockholder would not be subject to double tax on any part of the income gain or capital gain.

Dual Residency

If a stockholder were a resident of both Australia and the United States under those countries' domestic taxation laws, that stockholder may be subject to tax as an Australian resident. If, however, the stockholder is determined to be a U.S. resident for the purposes of the Double Taxation Convention between the United States and Australia, the Australian tax applicable would be limited by the Double Taxation Convention. Stockholders should obtain specialist taxation advice in these circumstances.

Stamp Duty

A transfer of shares of a company listed on the ASX is not subject to Australian stamp duty except in some circumstances where one person, or associated persons, acquires 90% or more of the shares.

Australian Death Duty

Australia does not have estate or death duties. No capital gains tax liability is realized upon the inheritance of a deceased person's shares. The disposal of inherited shares by beneficiaries, may, however, give rise to a capital gains tax liability.

Goods and Services Tax

The issue or transfer of shares will not incur Australian goods and services tax and does not require a stockholder to register for Australian goods and services tax purposes.

Research and Development Tax Incentives

The Australian Government tax incentive scheme, introduced on July 1, 2011, replaces the former R&D Tax Concession scheme for research and development activities in income years commencing on or after July 1, 2011. Subject to certain exclusions, the scheme provides benefits for eligible research and development activities (R&D activities). Such eligible R&D activities include but are not limited to:

- Core activities, which are experimental activities whose outcome cannot be known or determined in advance, but can only be determined by applying a systematic progression of work;
- Core activities conducted for the purpose of generating new knowledge (including new knowledge in the form of new or improved processes and materials); or
- Supporting activities that are directly related and designed to support (a) and (b).

Under the R&D Tax incentive scheme, entities will be entitled to either

(i) a 45% refundable tax offset for eligible companies with an aggregated turnover of less than $20 million per annum; or
(ii) a non-refundable 40% tax offset for all other eligible companies.

Our aggregated turnover is less than $20 million, and therefore we will be entitled to claim a 45% refundable tax offset for costs relating to eligible R&D activities during the year. We have also been authorized under the Advance Finding provisions to qualify for the R&D Tax incentive for certain R&D activities conducted overseas.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain material U.S. federal income tax consequences that generally apply to U.S. Holders (as defined below) who hold ADRs as capital assets. This summary is based on the United States Internal Revenue Code of 1986, as amended, or the Code, Treasury regulations promulgated thereunder, judicial and administrative interpretations thereof, and the bilateral taxation convention between Australia and the United States, or the Tax Treaty, all as in effect on the date hereof and all of which are subject to change either prospectively or retroactively. This summary does not address all tax considerations that may be relevant with respect to an investment in ADRs. This summary does not discuss all the tax consequences that may be relevant to a U.S. Holder in light of such holder's particular circumstances or to U.S. Holders subject to special rules, including broker-dealers, financial institutions, certain insurance companies, investors liable for alternative minimum tax, tax-exempt organizations, regulated investment companies, non-resident aliens of the United States or taxpayers whose functional currency is not the U.S. dollar, persons who hold the ADRs through partnerships or other pass-through entities, persons who acquired their ADRs through the exercise or cancellation of any employee stock options or otherwise as compensation for their services, investors that actually or constructively own 10% or more of our voting shares, and investors holding ADRs as part of a straddle or appreciated financial position or as part of a hedging or conversion transaction.

If a partnership or an entity treated as a partnership for U.S. federal income tax purposes owns ADRs, the U.S. federal income tax treatment of a partner in such a partnership will generally depend upon the status of the partner and the activities of the partnership. A partnership that owns ADRs and the partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of holding and disposing of ADRs.

This summary does not address the effect of any U.S. federal taxation other than U.S. federal income taxation. In addition, this summary does not include any discussion of state, local or foreign taxation. You are urged to consult your tax advisors regarding the foreign and U.S. federal, state and local tax considerations of an investment in ADRs.

For purposes of this summary, the term "U.S. Holder" means an individual who is a citizen or, for U.S. federal income tax purposes, a resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any political subdivision thereof, an estate whose income is subject to U.S. federal income tax regardless of its source, or a trust if (a) a court within the United States is able to exercise primary supervision over administration of the trust, and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

Taxation of Dividends

For U.S. federal income tax purposes, U.S. Holders of ADRs will be treated as owning the underlying ordinary shares, or ADSs, represented by the ADRs held by them. Subject to the passive foreign investment company rules discussed below, the gross amount of any distributions received with respect to the underlying ordinary shares represented by the ADRs, including the amount of any Australian taxes withheld therefrom, will constitute dividends for U.S. federal income tax purposes, to the extent of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. You will be required to include this amount of dividends in gross income as ordinary income. Distributions in excess of our earnings and profits will be treated as a non-taxable return of capital to the extent of your tax basis in the ADRs, and any amount in excess of your tax basis will be treated as gain from the sale of ADRs. See "Disposition of ADRs" below for the discussion on the taxation of capital gains. Dividends will not qualify for the dividends-received deduction generally available to corporations under Section 243 of the Code.

Dividends that we pay in Australian dollars, including the amount of any Australian taxes withheld therefrom, will be included in your income in a U.S. dollar amount calculated by reference to the exchange rate in effect on the day such dividends are received. A U.S. Holder who receives payment in Australian dollars and converts Australian dollars into U.S. dollars at an exchange rate other than the rate in effect on such day may have a foreign currency exchange gain or loss, which would be treated as ordinary income or loss.

Subject to complex limitations, any Australian withholding tax imposed on such dividends will be a foreign income tax eligible for credit against a U.S. Holder's U.S. federal income tax liability (or, alternatively, for deduction against income in determining such tax liability). The limitations set out in the Code include computational rules under which foreign tax credits allowable with respect to specific classes of income cannot exceed the U.S. federal income taxes otherwise payable with respect to each such class of income. Dividends generally will be treated as foreign-source passive category income or general category income for U.S. foreign tax credit purposes, depending upon the holder's circumstances. A U.S. Holder will be denied a foreign tax credit with respect to Australian income tax withheld from dividends received with respect to the underlying ordinary shares represented by the ADRs to the extent such U.S. Holder has not held the ADRs for at least 16 days of the 31-day period beginning on the date which is 15 days before the ex-dividend date or to the extent such U.S. Holder is under an obligation to make related payments with respect to substantially similar or related property. Any days during which a U.S. Holder has substantially diminished its risk of loss on the ADRs are not counted toward meeting the 16-day holding period required by the statute. The rules relating to the determination of the foreign tax credit are complex, and you should consult with your personal tax advisors to determine whether and to what extent you would be entitled to this credit.

Subject to certain limitations, "qualified dividend income" received by a non-corporate U.S. Holder will be subject to tax at a reduced maximum tax rate of 20 percent. Distributions taxable as dividends generally qualify for the 20 percent rate provided that either: (i) the issuer is entitled to benefits under the Tax Treaty or (ii) the shares are readily tradable on an established securities market in the United States and certain other requirements are met. We believe that we are entitled to benefits under the Tax Treaty and that the ADRs currently are readily tradable on an established securities market in the United States. However, no assurance can be given that the ADRs will remain readily tradable. Furthermore, the reduction does not apply to dividends received from PFICs. The amount of foreign tax credit is limited in the case of foreign qualified dividend income. U.S. Holders of ADRs should consult their own tax advisors regarding the effect of these rules in their particular circumstances.

Disposition of ADRs

If you sell or otherwise dispose of ADRs, you will recognize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized on the sale or other disposition and your adjusted tax basis in the ADRs. Subject to the passive foreign investment company rules discussed below, such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if you have held the ADRs for more than one year at the time of the sale or other disposition. In general, any gain that you recognize on the sale or other disposition of ADRs will be U.S.-source for purposes of the foreign tax credit limitation; losses will generally be allocated against U.S. source income. Deduction of capital losses is subject to certain limitations under the Code.

In the case of a cash basis U.S. Holder who receives Australian dollars in connection with the sale or disposition of ADRs, the amount realized will be based on the U.S. dollar value of the A$ received with respect to the ADRs as determined on the settlement date of such exchange. A U.S. Holder who receives payment in Australian dollars and converts A$ into U.S. dollars at a conversion rate other than the rate in effect on the settlement date may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss.

An accrual basis U.S. Holder may elect the same treatment required of cash basis taxpayers with respect to a sale or disposition of ADRs, provided that the election is applied consistently from year to year. Such election may not be changed without the consent of the Internal Revenue Service. In the event that an accrual basis U.S. Holder does not elect to be treated as a cash basis taxpayer (pursuant to the Treasury regulations applicable to foreign currency transactions), such U.S. Holder may have a foreign currency gain or loss for U.S. federal income tax purposes because of differences between the U.S. dollar value of the currency received prevailing on the trade date and the settlement date. Any such currency gain or loss would be treated as ordinary income or loss and would be in addition to gain or loss, if any, recognized by such U.S. Holder on the sale or disposition of such ADRs.

Certain U.S. Holders who are individuals are required to pay a 3.8% tax on the lesser of the excess of their modified adjusted gross income over a threshold amount ($250,000 for married persons filing jointly and $200,000 for single taxpayers) or their "net investment income," which generally includes capital gains from the disposition of property, for taxable years beginning after December 31, 2012. This tax is in addition to any capital gains taxes due on such investment income. A similar tax will apply to estates and trusts. U.S. Holders should consult their tax advisors regarding the effect, if any, this law may have on them.

Passive Foreign Investment Companies

There is a substantial risk that we are a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. Our treatment as a PFIC could result in a reduction in the after-tax return to the U.S. Holders of our ADRs and may cause a reduction in the value of such securities.

For U.S. federal income tax purposes, we will be classified as a PFIC for any taxable year in which either (i) 75% or more of our gross income is passive income, or (ii) at least 50% of the average value of all of our assets for the taxable year produce or are held for the production of passive income. For this purpose, cash is considered to be an asset which produces passive income. Passive income generally includes dividends, interest, royalties, rents, annuities and the excess of gains over losses from the disposition of assets which produce passive income. As a result of our substantial cash position and the decline in the value of our stock, we believe that we became a PFIC during the taxable year ended June 30, 2005, and once again qualified as a PFIC during each of the last six fiscal years, under a literal application of the asset test that looks solely to market value. We believe that we will once again qualify as a PFIC for the taxable year ended June 30, 2013.

If we are a PFIC, dividends will not qualify for the reduced maximum tax rate, discussed above, and, unless you timely elect to "mark-to-market" your ADRs, as described below:

- you will be required to allocate income recognized upon receiving certain dividends or gain recognized upon the disposition of ADRs ratably over your holding period for such ADRs,

- the amount allocated to each year during which we are considered a PFIC other than the year of the dividend payment or disposition would be subject to tax at the highest individual or corporate tax rate, as the case may be, in effect for that year and an interest charge would be imposed with respect to the resulting tax liability allocated to each such year,

- the amount allocated to the current taxable year and any taxable year before we became a PFIC will be taxable as ordinary income in the current year, and
- you will be required to file an annual return on Internal Revenue Service Form 8621.

The PFIC provisions discussed above apply to U.S. persons who directly or indirectly hold stock in a PFIC. Both direct and indirect shareholders of PFICs are subject to the rules described above. Generally, a U.S. person is considered an indirect shareholder of a PFIC if it is:

- A direct or indirect owner of a pass-through entity, including a trust or estate, that is a direct or indirect shareholder of a PFIC,
- A shareholder of a PFIC that is a shareholder of another PFIC, or
- A 50%-or-more shareholder of a foreign corporation that is not a PFIC and that directly or indirectly owns stock of a PFIC.

An indirect shareholder may be taxed on a distribution paid to the direct owner of the PFIC and on a disposition of the stock indirectly owned. Indirect shareholders are strongly urged to consult their tax advisors regarding the application of these rules.

If we cease to be a PFIC in a future year, a U.S. Holder may avoid the continued application of the tax treatment described above by electing to be treated as if it sold its ADRs on the last day of the last taxable year in which we were a PFIC. Any gain would be recognized and subject to tax under the rules described above. Loss would not be not recognized. A U.S. Holder's basis in its ADRs would be increased by the amount of gain, if any, recognized on the sale. A U.S. Holder would be required to treat its holding period for its ADRs as beginning on the day following the last day of the last taxable year in which we were a PFIC.

If the ADRs are considered "marketable stock" and if you elect to "mark-to-market" your ADRs, you would not be subject to the rules described above. Instead, you will generally include in income any excess of the fair market value of the ADRs at the close of each tax year over your adjusted basis in the ADRs. If the fair market value of the ADRs had depreciated below your adjusted basis at the close of the tax year, you may generally deduct the excess of the adjusted basis of the ADRs over its fair market value at that time. However, such deductions generally would be limited to the net mark-to-market gains, if any, that you included in income with respect to such ADRs in prior years. Income recognized and deductions allowed under the mark-to-market provisions, as well as any gain or loss on the disposition of ADRs with respect to which the mark-to-market election is made, is treated as ordinary income or loss (except that loss is treated as capital loss to the extent the loss exceeds the net mark-to-market gains, if any, that a U.S. Holder included in income with respect to such ordinary shares in prior years). However, gain or loss from the disposition of ordinary shares (as to which a "mark-to-market" election was made) in a year in which we are no longer a PFIC, will be capital gain or loss. Our ADRs should be considered "marketable stock" if they traded at least 15 days during each calendar quarter of the relevant calendar year in more than de-minimis quantities.

A U.S. Holder of ADRs will not be able to avoid the tax consequences described above by electing to treat us as a qualified electing fund, or QEF, because we do not intend to prepare the information that U.S. Holders would need to make a QEF election.

Backup Withholding and Information Reporting

Payments in respect of ADRs may be subject to information reporting to the U.S. Internal Revenue Service and to U.S. backup withholding tax at a rate equal to the fourth lowest income tax rate applicable to individuals (which, under current law, is 28%). Backup withholding will not apply, however, if you (i) are a corporation or come within certain exempt categories, and demonstrate the fact when so required, or (ii) furnish a correct taxpayer identification number and make any other required certification.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a U.S. Holder's U.S. tax liability, and a U.S. Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the Internal Revenue Service.

Any U.S. holder who holds 10% or more in vote or value of our ordinary shares will be subject to certain additional U.S. information reporting requirements.

U.S. individuals that hold certain specified foreign financial assets, including stock in a foreign corporation, with values in excess of certain thresholds are required to file Form 8938 with their U.S. Federal income tax return. Such form requires disclosure of information concerning such foreign assets, including the value of the assets. Failure to file the form when required is subject to penalties. An exemption from reporting applies to foreign assets held through a U.S. financial institution, generally including a non-U.S. branch or subsidiary of a U.S. institution and a U.S. branch of a non-US institution. Investors are encouraged to consult with their own tax advisors regarding the possible application of this disclosure requirement to their investment in our ADRs.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

We are subject to the reporting requirements of the Exchange Act, as applicable to "foreign private issuers" as defined in Rule 3b-4 thereunder. As a foreign private issuer, we are exempt from certain provisions of the Exchange Act. Accordingly, our proxy solicitations are not subject to the disclosure and procedural requirements of Regulation 14A under the Exchange Act, transactions in our equity securities by our officers and directors are exempt from reporting and the "short-swing" profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we are not required to file periodic reports and financial statements as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we file with the Securities and Exchange Commission an annual report on Form 20-F containing financial statements that have been examined and reported on, with an opinion expressed by, an independent registered public accounting firm, and we submit reports to the Securities and Exchange Commission on Form 6-K containing (among other things) press releases and unaudited financial information for the first six months of each fiscal year. We post our annual report on Form 20-F on our website (www.pranabio.com) promptly following the filing of our annual report with the Securities and Exchange Commission. The information on our website is not incorporated by reference into this annual report.

This annual report and the exhibits thereto and any other document we file pursuant to the Exchange Act may be inspected without charge and copied at prescribed rates at the Securities and Exchange Commission public reference room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. You may obtain information on the operation of the Securities and Exchange Commission's public reference room in Washington, D.C. by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Exchange Act file number for our Securities and Exchange Commission filings is 000-49843.

The Securities and Exchange Commission maintains a website at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the Securities and Exchange Commission using its EDGAR (Electronic Data Gathering, Analysis, and Retrieval) system.

The documents concerning our company referred to in this annual report may also be inspected at our offices located at Suite 2, 1233 High Street, Armadale, Victoria, Australia, 3143.

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We invest our excess cash and cash equivalents in interest-bearing accounts and term deposits with banks in Australia. Our management believes that the financial institutions that hold our investments are financially sound and accordingly, minimal credit risk exists with respect to these investments. Certain of our cash equivalents are subject to interest rate risk. Due to the short duration and conservative nature of these instruments, we do not believe that we have a material exposure to interest rate risk. Our major market risk is changes in foreign exchange rates as we had approximately A$2,035,578, A$4,166,000 and A$2,464,000 in cash held in U.S. dollars and Euro as of June 30, 2013, 2012 and 2011, respectively. A hypothetical 1% and 4% adverse movement in end-of-period exchange rates for U.S. dollars and Euro, respectively, would reduce or increase the cash balance by approximately A$20,354, A$48,891 and A$32,566, respectively.

We conduct our activities almost exclusively in Australia. We are required to make certain payments in U.S. dollars and other currencies, however such payments are not significant to our operations and we believe an adverse movement in end-of-period exchange rates would not have a material impact on our operating results. In the twelve months ended June 30, 2013, the Australian dollar depreciated against the U.S. dollar by 10%. In the financial years 2012 and 2011, the Australian dollar depreciated by 4% and appreciated by 20% against the U.S. dollar, respectively. As of June 30, 2013, payables in U.S. dollars and other currencies were immaterial. A hypothetical 1% adverse movement in the U.S. dollar, 4% adverse movement in the Euro and 8% adverse movement in the Great British Pound exchange rates would increase the cost of these payables by approximately A$1,087.

We do not currently utilize derivative financial instruments or other financial instruments subject to market risk.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Fees and Charges Payable by ADR Holders

The table below summarizes the fees and charges that a holder of our ADRs may have to pay, directly or indirectly, to our ADR depositary, The Bank of New York Mellon, or BoNY, pursuant to the Deposit Agreement, which was filed as Exhibit 2.1 to our Registration Statement on Form F-6 filed with the SEC on December 21, 2007, and the types of services and the amount of the fees or charges paid for such services. The disclosure under this heading “Fees and Charges Payable by ADR Holders” is subject to and qualified in its entirety by reference to the full text of the Deposit Agreement. The holder of an ADR may have to pay the following fees and charges to BoNY in connection with ownership of the ADR:

Category	Depositary actions	Associated fee or charge
(a) Depositing or substituting the underlying shares	Issuances against deposits of shares, including deposits and issuances pursuant to a stock dividend or stock split declared by us or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or the deposited securities	Up to US$5.00 for each 100 ADSs (or portion thereof) issued or delivered (as the case may be) The depositary may sell (by public or private sale) sufficient securities and property received in respect of share distributions, rights and other distributions prior to such deposit to pay such charge
(b) Receiving or distributing dividends	Cash distributions made pursuant to the deposit agreement	US$0.02 or less per ADS
(c) Selling or exercising rights	Distribution or sale of securities, the fee being in an amount equal to the fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities	Up to US$5.00 for each 100 ADSs (or portion thereof)
(d) Withdrawing, cancelling or reducing an underlying security	Acceptance of ADSs surrendered for withdrawal, cancellation or reduction of deposited securities	Up to US$5.00 for each 100 ADSs (or portion thereof) surrendered, cancelled or reduced (as the case may be) The depositary may sell (by public or private sale) sufficient securities and property received in respect of share distributions, rights and other distributions prior to such deposit to pay such charge
(e) Transferring, combination or split-up of receipts	Transfer, combination and split-up of ADRs	US$1.50 per ADR
(f) Fees and expenses of the depositary	Fees and expenses incurred by the depositary or the depositary's agents on behalf of holders, including in connection with: •compliance with foreign exchange control regulations or any law or regulation relating to foreign investment •stock transfer or other taxes and governmental charges •cable, telex and facsimile transmission and delivery charges •fees for the transfer or registration of deposited securities in connection with the deposit or withdrawal of deposited securities •expenses of the depositary in connection with the conversion of foreign currency into U.S. dollars •any other charge payable by the depositary or the depositary's agents in connection with the servicing of the shares or other deposited securities (which charge shall be assessed against holders as of the record date or dates set by the depositary)	Expenses payable at the sole discretion of the depositary by billing ADR holders or by deducting such charges from one or more cash dividends or other cash distributions

Fees and Payments Made by the Depositary to the Company

BoNY, as ADR depositary, has agreed to reimburse certain expenses related to our ADR program and incurred by us in connection with the program. For the year ended June 30, 2012, the ADR depositary reimbursed us, or paid on our behalf to third parties, a total of US$7,737. The ADR depositary also waived US$30,000 of its fees for standard costs associated with the administration of the ADR program.

Fees and Payments Made by the Company to the Depositary

We incurred expenses in relation to services for our annual general meeting and special general meeting of shareholders. For the year ended June 30, 2013, we paid BoNY a total of US$23,932 (comprised of payments for the distribution and printing of meeting material and proxy vote tabulation). We also paid BoNY US$30,023 in connection with the conversion of ordinary shares into ADRs for issuance under our "At-The-Market" facility. The conversion charge was US$ 0.02 per ADR plus international wire charges.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our chief executive officer and chief financial officer to allow timely decisions regarding required disclosure. Our management, including our chief executive officer and chief financial officer, conducted an evaluation of our disclosure controls and procedures, as defined under Exchange Act Rule 13a-15(e), as of the end of the period covered by this Annual Report on Form 20-F. Based upon that evaluation, our management concluded that, as of June 30, 2013, our disclosure controls and procedures were effective.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over our financial reporting. Internal control over financial reporting is defined in Rule 13a-15 (f) or 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use of disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of June 30, 2013. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on that assessment, our management concluded that as of June 30, 2013, our internal control over financial reporting is effective.

Changes in Internal Control over Financial Reporting

During the year ended June 30, 2013, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16. RESERVED

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our Board of Directors has determined that Mr. Brian Meltzer, an independent director, meets the definition of an audit committee financial expert, as defined by rules of the Securities and Exchange Commission. For a brief listing of Mr. Meltzer's relevant experience, see Item 6.A. "*Directors, Senior Management and Employees -- Directors and Senior Management*."

ITEM 16B. CODE OF ETHICS

We have adopted a code of ethics that applies to all senior financial officers of our company, including our chief executive officer, chief financial officer, chief accounting officer or controller, or persons performing similar functions. The code of ethics is publicly available on our website at www.pranabio.com. Written copies are available upon request. If we make any substantive amendment to the code of ethics or grant any waivers, including any implicit waiver, from a provision of the codes of ethics, we will disclose the nature of such amendment or waiver on our website.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Fees Paid to Independent Public Accountants

The following table sets forth, for each of the years indicated, the fees billed by PricewaterhouseCoopers, which has served as our principal independent registered public accounting firm since November 30, 2006.

	Year Ended June 30,	
Services Rendered	2013	2012
Audit (1)	A$ 164,060	A$ 145,000
Audit-Related (2)	-	-
Other (3)	-	-
Total	A$ 164,060	A$ 145,000

_____

(1) Audit fees consist of services that would normally be provided in connection with statutory and regulatory filings or engagements, including services that generally only the independent accountant can reasonably provide.

(2) Audit-related fees relate to services provided in connection with the auditor's review of our internal controls.

(3) Other fees relate to services provided in connection with other public filings for the Securities and Exchange Commission.

Pre-Approval Policies and Procedures

Our Audit Committee has adopted policies and procedures for the pre-approval of audit and non-audit services rendered by our independent registered public accounting firm. Pre-approval of an audit or non-audit service may be given as a general pre-approval, as part of the audit committee's approval of the scope of the engagement of our independent registered public accounting firm, or on an individual basis. Any proposed services exceeding general pre-approved levels also requires specific pre-approval by our audit committee. The policy prohibits retention of the independent registered public accounting firm to perform the prohibited non-audit functions defined in Section 201 of the Sarbanes-Oxley Act or the rules of the Securities and Exchange Commission, and also requires the audit committee to consider whether proposed services are compatible with the independence of the registered public accounting firm. All of the fees described above were pre-approved by our Audit Committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

Issuer Purchase of Equity Securities

Neither we, nor any affiliated purchaser of our company, has purchased any of our securities during the year ended June 30, 2013.

ITEM 16F. CHANGES IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

Under NASDAQ Stock Market Rule5615(a)(3), foreign private issuers, such as our company, are permitted to follow certain home country corporate governance practices instead of certain provisions of the NASDAQ Stock Market Rules. A foreign private issuer that elects to follow a home country practice instead of any NASDAQ rule must submit to NASDAQ, in advance, a written statement from an independent counsel in such issuer's home country certifying that the issuer's practices are not prohibited by the home country's laws. As of the date of this annual report, we have not submitted notice to NASDAQ informing them of that we elect to follow home country practice instead of the NASDAQ rule.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

ITEM 17. FINANCIAL STATEMENTS

Our company has elected to furnish financial statements and related information specified in Item 18.

ITEM 18. FINANCIAL STATEMENTS

ITEM 19. EXHIBITS

Index to Exhibits

Exhibit	Description
1.1	Constitution of Registrant (1)
2.1	Deposit Agreement dated March 23, 2001, as amended and restated as of December 21, 2007, among the Registrant, the Bank of New York, as Depositary, and owners and holders from time to time of ADRs issued thereunder, including the Form of American Depositary Receipts (2)
4.1	License Agreement dated January 1, 2001, between the Registrant and The General Hospital Corporation (3)
4.2	Variation Agreement dated August 8, 2001, between the Registrant and The General Hospital Corporation, which amends the License Agreement dated January 1, 2001, between the parties (3)
4.3	Agreement to Provide Accounting, Administration, Corporate Advice and Company Secretarial Services dated February 23, 2000, between the Registrant and Malvern Administrative Services (now The CFO solution) (3)
4.4	Second Amendment to Exclusive License Agreement dated January 1, 2001, between the Registrant and The General Hospital Corporation dated March 15, 2004 (4)
4.5	Settlement Agreement dated July 28, 2004, among the Registrant, P.N. Gerolymatos S.A, or PNG, Mr. Gerolymatos, GHC, Professor Ashley Bush, Dr. Rudolph Tanzi and Dr. Robert Cherny and the ancillary agreements of even date therewith exhibited thereto, including the Patent Assignment and Settlement Agreement among the Registrant and PNG, Patent Rights Security Agreement among the Registrant and PNG and the Derivatives Agreement among the Registrant and PNG (5)
4.6	Prana Biotechnology Limited, 2004 American Depository Share (ADS) Option Plan (6)
4.7	Prana Biotechnology Limited, 2004 Employees', Directors' and Consultants' Share and Option Plan (7)
4.8	Fourth Research Funding and Intellectual Property Assignment Agreement dated December 1, 2009 (8)
4.9	Fifth Research Funding and Intellectual Property Assignment Agreement dated December 1, 2012
4.10	GMP 30kg Manufacture Agreement dated June 6, 2007, between the Registrant and Institute of Drug Technology Australia Limited (9)
4.11	GMP 4kg Manufacture Agreement dated June 6, 2007, between the Registrant and Institute of Drug Technology Australia Limited (10)
4.12	Employment Agreement dated September 21, 2007, among the Registrant and Mr. Kempler (11)
4.13	Letter Agreements effective as of June 12, 2007 between the Registrant and Ms. Dianne Angus (12)
4.14	Agreement dated May 22, 2007, between the Registrant and Patheon Inc. regarding the formulation, development and manufacture of capsules of PBT2 (13)
4.15	PBT2 Capsules Phase III Manufacturing Proposal for Prana Biotechnology Limited dated April 16, 2013 between the Registrant and Patheon Inc.
4.16	Placement Confirmation Letter dated September 8, 2009, between the Registrant and BAM Capital LLC (14)
4.17	Consultancy Services Agreement dated January 8, 2004, between the Registrant and Professor Ashley Bush (15)
4.18	Letter agreement dated November 14, 2007, between the Registrant and Professor Ashley Bush (16)
4.19	Letter agreement dated May 22, 2009, between the Registrant and Professor Ashley Bush (17)
4.20	Process Development and Manufacturing Agreement dated December 26, 2008, between the Registrant and Dr. Reddy's Laboratories Limited, as amended by Amendment No. 1 effective February 3, 2009 and Amendment No. 2 effective March 13, 2009 (18)

4.21	Amendments to Process Development and Manufacturing Agreement dated December 26, 2008 between the Registrant and Dr. Reddy's Laboratories Limited, as amended: Amendment No 3 effective July 6, 2009; Amendment No. 4 effective September 15, 2009; Amendment No. 5 effective November 13, 2009; Amendment No. 6 effective December 22, 2009; Amendment No. 7 effective December 22, 2009; Amendment No. 8 effective May 7, 2010; and Amendment No. 9 effective May 20, 2010 (19)
4.22	Amendments to Process Development and Manufacturing Agreement dated December 26, 2008 between the Registrant and Dr. Reddy's Laboratories Limited, as amended: Amendment No. 10 effective October 21, 2010; Amendment No. 11 effective March 21, 2011 and Amendment No. 12 effective May 18, 2011 (20)
4.23	Amendments to Process Development and Manufacturing Agreement dated December 26, 2008 between the Registrant and Dr. Reddy's Laboratories Limited, as amended: Amendment No. 13 effective February 14, 2012 (21)
4.24	Amendments to Process Development and Manufacturing Agreement dated December 26, 2008 between the Registrant and Dr. Reddy's Laboratories Limited, as amended: Amendment No. 14 effective September 18, 2012; and Amendment No. 15 effective May 1, 2013
4.25	Master Services Agreement for Provision of Clinical Research Services between the Registrant and INCResearch Australia Pty Limited dated September 22, 2011, or the INCResearch Master Agreement
4.26	Work Order under the INCResearch Master Agreement for Research Project #1000504, Protocol PBT2-203 dated August 14, 2012 and Change Order No. 1 to Work Order #1000504 dated April 16, 2013
4.27	Work Order under the INCResearch Master Agreement for Research Project #1002213, Protocol PBT2-203 dated March 27, 2013
4.28	Work Order under the INCResearch Master Agreement for Research Project #800089, Protocol PBT2-204 dated April 2, 2012, First Amendment to Work Order for Research Project #800089 dated July 17, 2013 and Change Order No. 2 to Work Order #1000504 dated July 17, 2013
4.29	Letter Agreement between the Registrant and INCResearch Australia Pty Limited dated October 2, 2013 re Clinical Trial Services for Study Entitled: "A randomized, double-blind, placebo controlled study to assess the safety and tolerability and efficacy of PBT2 in patients with early to mid-stage Huntington disease," Protocol PBT2-203
4.30	Manufacturing Services Agreement for PBT2 HCI Supply dated August 19, 2013 between the Registrant and Dr. Reddy's Laboratories Limited
4.31	28-day Oral Toxicity Study in CbyB6F1 mice dated June 21, 2013 between the Registrant and Bioreliance Corporation
4.32	Placement Confirmation Letter dated March 22, 2011, between the Registrant and certain institutional investors. (22)
4.33	At-The-Market Issuance Sales Agreement dated July 13, 2011, by and between the Registrant and McNicoll, Lewis & Vlak LLC (23)
4.34	Clinical Trial Agreement between the Registrant and the University of Rochester dated October 7, 2011. (24)
4.35	Clinical Research Support Agreement between the Registrant and the General Hospital Corporation dated June 14, 2012. (25)
4.36	Amended At-The-Market Issuance Sales Agreement dated August 30, 2013, by and between the Registrant and MLV & Co. LLC (26)
8.1	List of Subsidiaries of the Registrant
12.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act, as amended
12.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) under the Securities Exchange Act, as amended
13.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1	Consent of PricewaterhouseCoopers, Registered Public Accounting Firm

_____

(1) Filed as Exhibit 1.1 to our Annual Report on Form 20-F for the year ended June 30, 2009, and incorporated herein by reference.
(2) Incorporated by reference to the Post-Effective Amendment No. 1 to Form F-6 Registration Statement filed with the Securities and Exchange Commission on December 12, 2007 (File 333-136944).
(3) Incorporated by reference to our Registration Statement on Form 20-F filed with the Securities and Exchange Commission on May 28, 2002 (File No. 000-49843).
(4) Filed as Exhibit 4.6 to our Annual Report on Form 20-F for the year ended June 30, 2004, and incorporated herein by reference.
(5) Filed as Exhibit 4.21 to our Annual Report on Form 20-F for the year ended June 30, 2004, and incorporated herein by reference.
(6) Incorporated by reference to Annexure A to Item 1 of our Report on Form 6-K for the month of November 2004.
(7) Incorporated by reference to Annexure B to Item 1 of our Report on Form 6-K for the month of November 2004.
(8) Filed as Exhibit 4.9 to our Annual Report on Form 20-F for the year ended June 30, 2012, and incorporated herein by reference.
(9) Filed as Exhibit 4.9 to our Annual Report on Form 20-F for the year ended June 30, 2007, and incorporated herein by reference.
(10) Filed as Exhibit 4.10 to our Annual Report on Form 20-F for the year ended June 30, 2007, and incorporated herein by reference.
(11) Filed as Exhibit 4.19 to our Annual Report on Form 20-F for the year ended June 30, 2007, and incorporated herein by reference.
(12) Filed as Exhibit 4.21 to our Annual Report on Form 20-F for the year ended June 30, 2007, and incorporated herein by reference.
(13) Filed as Exhibit 4.22 to our Annual Report on Form 20-F for the year ended June 30, 2007, and incorporated herein by reference.
(14) Filed as Exhibit 4.25 to our Annual Report on Form 20-F for the year ended June 30, 2007, and incorporated herein by reference.
(15) Incorporated by reference to our Report on Form 6-K for the month of September 2009.
(16) Incorporated by reference to Item 1 of our Report on Form 6-K for the month of June 2009.
(17) Incorporated by reference to Item 2 of our Report on Form 6-K for the month of June 2009.
(18) Filed as Exhibit 4.20 to our Annual Report on Form 20-F for the year ended June 30, 2009, and incorporated herein by reference.
(19) Filed as Exhibit 4.21 to our Annual Report on Form 20-F for the year ended June 30, 2009, and incorporated herein by reference.
(20) Filed as Exhibit 4.21 to our Annual Report on Form 20-F for the year ended June 30, 2010, and incorporated herein by reference.
(21) Filed as Exhibit 4.23 to our Annual Report on Form 20-F for the year ended June 30, 2012, and incorporated herein by reference.
(22) Filed as Exhibit 4.24 to our Annual Report on Form 20-F for the year ended June 30, 2011, and incorporated herein by reference.
(23) Incorporated by reference to Item 1 of our Report on Form 6-K for the month of March 2011.
(24) Filed as Exhibit 4.27 to our Annual Report on Form 20-F for the year ended June 30, 2012, and incorporated herein by reference.
(25) Filed as Exhibit 4.28 to our Annual Report on Form 20-F for the year ended June 30, 2012, and incorporated herein by reference.
(26) Filed as Exhibit 1.2 to our Report on Form 6-K for the month of August 2013.

PRANA BIOTECHNOLOGY LIMITED

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To The Board of Directors and Shareholders of Prana Biotechnology Limited

In our opinion, the accompanying consolidated Statements of Financial Position, Statements of Comprehensive Income, Cash Flow Statements, and Statements of Changes in Stockholders' Equity present fairly, in all material respects, the financial position of Prana Biotechnology Limited (the "Company") and its subsidiaries at June 30, 2013 and June 30, 2012, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2013 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers
Melbourne, Australia
October 22, 2013

PRANA BIOTECHNOLOGY LIMITED

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in Australian dollars, except number of shares)

	Notes	June 30, 2013	June 30, 2012
Assets			
Current Assets			
Cash and cash equivalents		13,346,760	5,636,469
Trade and other receivables	5	3,523,938	1,550,836
Other current assets	6	112,242	68,675
Total Current Assets		16,982,940	7,255,980
Non-Current Assets			
Property and equipment, net of accumulated depreciation of A$397,774 and A$375,409, respectively	7	46,893	48,051
Other non-current assets	6	43,988	37,837
Total Non-Current Assets		90,881	85,888
Total Assets		17,073,821	7,341,868
Liabilities			
Current Liabilities			
Trade and other payables	8	1,775,666	961,954
Other financial liabilities	9	870,801	335,903
Provisions	10	419,176	362,795
Unearned income	12	33,332	50,831
Total Current Liabilities		3,098,975	1,711,483
Non-Current Liabilities			
Provisions	10	133	6,938
Total Non-Current Liabilities		133	6,938
Total Liabilities		3,099,108	1,718,421
Net Assets		13,974,713	5,623,447
Equity			
Issued and unissued capital			
2013: 381,610,426 fully paid ordinary shares			
Nil options over fully paid ordinary shares			
2012: 297,980,818 fully paid ordinary shares			
Nil options over fully paid ordinary shares	13	101,379,111	86,134,077
Reserves	14	10,526,925	9,633,451
Accumulated deficit during the development stage	15	(97,931,323)	(90,144,081)
Total Equity		13,974,713	5,623,447

The accompanying notes are an integral part of the consolidated financial statements.

PRANA BIOTECHNOLOGY LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in Australian dollars, except number of shares)

	Notes	Years ended June 30, 2013	2012	2011
Revenues from ordinary activities	2	150,867	186,664	156,135
Other income	2	4,488,526	2,340,851	6,785
Research and development expenses, net	3	(7,946,005)	(4,228,719)	(2,758,381)
Corporate personnel expenses	3	(2,556,243)	(1,858,562)	(1,965,408)
Intellectual property expenses	3	(294,894)	(261,706)	(399,237)
Auditor and accounting expenses	3	(166,086)	(153,597)	(157,436)
Travel expenses	3	(131,710)	(91,624)	(159,971)
Public relations and marketing expenses	3	(136,186)	(124,970)	(110,646)
Depreciation expenses	3	(23,130)	(19,621)	(31,577)
Other expenses	3	(1,187,083)	(1,107,283)	(857,281)
Foreign exchange gain (loss)	3	140,761	45,959	(145,377)
Gain (loss) on fair valuation of financial liabilities	3	(126,059)	33,139	(8,791)
Loss before income tax expense		(7,787,242)	(5,239,469)	(6,431,185)
Income tax expense	4	-	-	-
Loss for the year		(7,787,242)	(5,239,469)	(6,431,185)
Other comprehensive loss		-	-	-
Total comprehensive loss for the year	16a	(7,787,242)	(5,239,469)	(6,431,185)
Loss per share (basic and diluted - cents per share)	20	(2.30)	(1.82)	(2.60)
Weighted average number of ordinary shares used in computing basic and diluted net loss per share		338,700,006	287,765,812	247,578,570

The accompanying notes are an integral part of the consolidated financial statements.

PRANA BIOTECHNOLOGY LIMITED

CONSOLIDATED CASH FLOW STATEMENTS
(in Australian dollars)

	Notes	Years Ended June 30, 2013	2012	2011
Cash Flows from Operating Activities				
Payments to suppliers and employees		(10,650,823)	(7,874,010)	(4,714,503)
Interest received		93,789	186,794	156,366
Grants received		107,097	144,345	-
R&D tax refund		2,492,683	691,301	-
Other		6,000	5,664	(10)
Net cash flows used in operating activities	16(a)	(7,951,254)	(6,845,906)	(4,558,147)
Cash Flows from Investing Activities				
Payment for rental security deposits		(6,151)	-	(2,673)
Payments for purchase of plant and equipment		(22,000)	(26,763)	(13,959)
Net cash flows used in investing activities		(28,151)	(26,763)	(16,632)
Cash Flows from Financing Activities				
Proceeds from exercise of options and issue of securities		16,260,806	3,843,495	8,551,283
Payment of share issue costs		(1,015,775)	(221,472)	(563,025)
Proceeds from borrowings		337,000	-	347,000
Net cash flows provided by financing activities		15,582,031	3,622,023	8,335,258
Net increase (decrease) in cash and cash equivalents		7,602,626	(3,250,646)	3,760,479
Opening cash and cash equivalents brought forward		5,636,469	8,838,245	5,227,298
Exchange rate adjustments on cash and cash equivalents held in foreign currencies		107,665	48,870	(149,532)
Closing cash and cash equivalents carried forward	16(b)	13,346,760	5,636,469	8,838,245

The accompanying notes are an integral part of the consolidated financial statements.

PRANA BIOTECHNOLOGY LIMITED

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in Australian dollars, except for number of shares)

	Notes	Number of Shares	Issued and Unissued Capital	Reserves	Accumulated Deficit During Development Stage	Total Equity
Balance, June 30, 2010		234,045,871	75,120,164	8,582,579	(78,473,427)	5,229,316
Transactions with owners in their capacity as owners:						
Issuance of shares in connection with private placement, net of costs	13(b)	39,959,329	6,974,424	-	-	6,974,424
Issuance of options in connection with private placement	13(c)	-	-	1,057,182	-	1,057,182
Non-cash issuance of shares to consultants	13(b)	465,000	56,583	-	-	56,583
Non-cash issuance of options to consultants	14(b)	-	-	5,850	-	5,850
Options forfeited	14(b)	-	-	(2,266)	-	(2,266)
Issuance of shares in connection with exercise of options, net of costs	13(b) & 14(b)	816,583	189,648	(189,648)	-	-
Share options – value of employee services	14(b)	-	-	41,298	-	41,298
		41,240,912	7,220,655	912,416	-	8,133,071
Net loss		-	-	-	(6,431,185)	(6,431,185)
Total comprehensive loss for the year		-	-	-	(6,431,185)	(6,431,185)
Balance, June 30, 2011		275,286,783	82,340,819	9,494,995	(84,904,612)	6,931,202
Transactions with owners in their capacity as owners:						
Issuance of shares in connection with At-The-Market facility, net of costs	13(b)	22,042,170	3,622,022	-	-	3,622,022
Non-cash issuance of shares to consultants	13(b)	310,000	50,700	-	-	50,700
Non-cash issuance of options to employees	14(b)	-	-	140,926	-	140,926
Non-cash issuance of options to consultants	14(b)	-	-	145,940	-	145,940
Options lapsed	14(b)	-	-	(75,022)	-	(75,022)
Issuance of shares in connection with exercise of options, net of costs	13(b) & 14(b)	341,865	120,536	(120,536)	-	-
Share options – value of employee services	14(b)	-	-	47,148	-	47,148
		22,694,035	3,793,258	138,456	-	3,931,714
Net loss	15	-	-	-	(5,239,469)	(5,239,469)
Total comprehensive loss for the year		-	-	-	(5,239,469)	(5,239,469)
Balance, June 30, 2012		297,980,818	86,134,077	9,633,451	(90,144,081)	5,623,447
Transactions with owners in their capacity as owners:						
Issuance of shares in connection with private placement, net of costs	13(b)	58,141,030	10,629,011	-	-	10,629,011
Issuance of shares in connection with share purchase plan, net of costs	13(b)	10,370,488	1,570,863	-	-	1,570,863
Issuance of shares in connection with At-The-Market facility, net of costs	13(b)	15,008,090	3,023,160	-	-	3,023,160
Non-cash issuance of shares to consultants	13(b)	110,000	22,000	-	-	22,000
Non-cash issuance of options to employees	14(b)	-	-	86,969	-	86,969
Non-cash issuance of options to consultants	14(b)	-	-	215,083	-	215,083
Non-cash issuance of options to directors	14(b)	-	-	591,422	-	591,422
		83,629,608	15,245,034	893,474	-	16,138,508
Net loss	15	-	-	-	(7,787,242)	(7,787,242)
Total comprehensive loss for the year		-	-	-	(7,787,242)	(7,787,242)
Balance, June 30, 2013		381,610,426	101,379,111	10,526,925	(97,931,323)	13,974,713

The accompanying notes are an integral part of the consolidated financial statements.

1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Background

Prana Biotechnology Limited and its controlled subsidiaries, Prana Biotechnology Inc. and Prana Biotechnology UK Limited (referred to collectively as "Prana" or the "Company"), is a development stage enterprise engaged in the research and development of therapeutic drugs designed to treat the underlying cause of degeneration of the brain and the eye as the aging process progresses. Prana Biotechnology Limited, the parent entity, was incorporated on November 11, 1997 in Melbourne, Australia and the UK and U.S. subsidiaries were incorporated in August 2004.

Financial Reporting Framework

The financial report of Prana Biotechnology Limited for the year ended June 30, 2013 was authorized for issue in accordance with a resolution of the Board of Directors on October 22, 2013.

Prana Biotechnology Limited is a for-profit entity for the purpose of preparing the financial statements.

The consolidated financial statements of the Company complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial liabilities at fair value through profit or losses.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended June 30, 2013 and the comparative information presented in these financial statements for the years ended June 30, 2012 and 2011.

Critical accounting estimates, judgments and assumptions

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Critical judgments in applying the entity's accounting policies - use of volatility period in valuing warrant liabilities

Warrants and options exercisable into American Depository Receipts ("ADRs") recorded as financial liabilities under IAS 32 *Financial Instruments: Presentation* (see Note 9) are measured at fair value using a Black-Scholes valuation model. At each reporting date any options and warrants for ADRs are recorded at fair value with the corresponding difference being recorded in the income statement as a gain or loss.

Warrants that were exercisable for ADRs expired without being exercised on June 4, 2009. On June 30, 2011, the Company granted warrants to purchase 612,397 ordinary shares to Alzheimer's Drug Discovery Foundation ("ADDF"). The warrants are exercisable at A$0.17 consideration and expire on February 25, 2016. Options for ADRs remain outstanding.

R&D Tax Incentives

The Australian Government replaced the research and development tax concession with the research and development tax incentive from July 1, 2011. The new provisions provide refundable or non-refundable tax offsets. The research and development tax incentive applies to expenditure incurred and the use of depreciating assets in an income year commencing on or after July 1, 2011. A 45% refundable tax offset, equivalent to a deduction of 150%, will be available to eligible small companies with an annual aggregate turnover of less than $20 million. Eligible companies can receive a refundable tax offset of 45% of their research and development spending.

The Company's research and development activities are eligible under an Australian Government tax incentive for eligible expenditure from July 1, 2011. Management has assessed these activities and expenditure to determine which are likely to be eligible under the incentive scheme. For the period to June 30, 2013 the Company has recorded an item in other income of A$3.47 million (2012: A$1.55 million) to recognize this amount which relates to this period.

1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Going Concern Basis

The Company is a development stage medical biotechnology company and as such expects to be utilizing cash until its research activities have become marketable. For the year ended June 30, 2013, the Company incurred an operating loss of A$7.8 million (2012: A$5.2 million) and an operating cash outflow of A$8.0 million (2012: A$6.8 million). As at year end the net assets of the Company stood at A$14.0 million (2012: A$5.6 million) and the cash position has increased to A$13.3 million from A$5.6 million at June 30, 2012.

The management of the Company believes that the going concern basis of preparation is appropriate based on the following:

- On May 17, 2011 the Company filed a shelf registration statement on Form F-3 with the United States Securities and Exchange Commission to sell up to an aggregate US$50 million of its securities and on July 13, 2011 issued a Prospectus Supplement relating to the sale of 5 million American Depositary Receipts ("ADRs") through an "at-the-market" (ATM) facility and appointed McNicoll, Lewis & Vlak LLC ("MLV") as sales agent. At the Company's discretion and instruction, MLV uses its commercially reasonable efforts to sell the ADRs at market prices from time to time, including sales made by means of ordinary brokers' transactions on the NASDAQ Capital Market. As of June 30, 2013, the Company sold a total amount of 3.71 million ADSs under this At-The-Market Issuance Sales Agreement for gross proceeds of A$7.0 million (US$7.25 million). Since the end of the reporting period to the time the financial statements were authorized for issue, the Company sold 1.54 million of its ADRs for aggregate gross proceeds of approximately A$7.31 million (US$6.62 million) through its "at-the-market" facility.

- Post June 30, 2013, 10 million unlisted options due to expire on September 11, 2013 were exercised for consideration of A$0.30 per share. The options were exercised into ordinary shares resulting in A$3 million received by the Company to fund operations.

- Cash on hand as at June 30, 2013 plus subsequent capital inflows is considered to meet the Company’s forecast needs for, at least, the next 12 months.

- In addition, the Company continues to pursue raising additional funds through alternative funding structures.

- Notwithstanding, in the event that the Company will not have sufficient funds to effect its current plans through the above mentioned methods, the Company has the ability to scale down its operations and prioritize its research and development programs.

On this basis the Directors are satisfied that the Company is a going concern and at this time are of the opinion that no asset is likely to be realized for an amount less than the amount at which it is recorded in the Statement of Financial Position as at June 30, 2013.

Therefore, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the Company not continue as a going concern.

Development Stage – Risks and Uncertainties

As a development stage enterprise, the Company’s prospects are subject to the risks, expenses and uncertainties frequently encountered by companies which have not yet commercialized any applications of their technology, particularly in new and evolving markets. Prana’s operating results may fluctuate significantly in the future as a result of a variety of factors, including capital expenditure and other costs relating to establishing, maintaining and expanding the operations, the number and mix of potential customers, potential pricing of future products by the Company and its competitors, new technology introduced by the Company and its competitors, delays or expense in obtaining necessary equipment, economic and social conditions in the biotechnology industry and general economic conditions.

The Company cannot be certain that it will be able to raise any required funding or capital, on favorable terms or at all, or that it will be able to establish corporate collaborations on acceptable terms, if at all. If the Company is unable to obtain such additional funding or capital, it may be required to reduce the scope of its development plans.

The Company’s experience in exploiting its technology is limited and it cannot be certain that its operations will be profitable in the short-term, or at all. If the Company fails in any of its efforts to establish or expand its business, the results of operations, financial condition and liquidity of the Company could be materially adversely affected. The Company cannot be certain that it will be able to sell and deliver its technology or to obtain or retain any permits required in the market in which it operates. Any of these factors could result in the reduction or cessation of the Company’s operations.

1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant Accounting Policies

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(a) Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Company, being Prana Biotechnology Limited and its subsidiaries as defined in Accounting Standard IAS 27: *Consolidated and Separate Financial Statements*. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholder of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

In preparing the consolidated financial statements, all inter-company balances and transactions, and unrealized profits/losses arising within the Company are eliminated in full.

(b) Income Tax

Current tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognized as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax
Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilized. However, deferred tax assets and liabilities are not recognized if their underlying temporary differences arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit or loss.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realized or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period
Current and deferred tax is recognized as an expense or income in the statement of operations, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognized directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Company has significant unused tax losses and as such a significant deferred tax asset; however, the deferred tax asset has not been recognized, as it is not probable that future taxable profit will be available against which the unused losses and unused tax credits can be utilized, given the nature of the Company's business (research and development) and its history of losses.

(c) Property and Equipment

Property and equipment is measured at historical cost less accumulated depreciation and impairment and consists of laboratory equipment, computer equipment, furniture and fittings and leasehold improvements attributable to the Company's premises at Parkville, Victoria, Australia.

Historical cost includes expenditure that is directly attributable to the acquisition of the item.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation

Depreciation is provided on property and equipment. Depreciation is calculated on a straight-line method to allocate their cost, net of their residual values, over their estimated useful lives.

The following estimated useful lives, ranging from three to 20 years are used in the calculation of depreciation:

Class of Fixed Asset	Depreciation Rate
Furniture and fittings	5-33%
Computer equipment	33%
Plant and equipment	10-33%
Leasehold improvements	33%

Leasehold improvements are depreciated over the shorter of the lease term and useful life.

The depreciation method, residual values and useful lives are reviewed, and adjusted if appropriate, at each annual reporting period.

(d) Leases

Leases in which a significant proportion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(e) Financial Instruments

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet. Trade receivables, loans, and other receivables are recorded at amortized cost less impairment.

Warrants and Options

Under IAS 32, options and warrants issued other than for goods or services that are exercisable in a currency other than the functional currency of the Company and meet the definition of a liability, are recorded as financial liabilities rather than equity. See accounting policy (p) share-based payments for the accounting policy for warrants and options issued as share-based payments for goods or services.

Warrants and options recorded as financial liabilities under IAS 32 are valued at fair value using the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. At each reporting date, the options and warrants are revalued to their current fair value, with the difference in fair value recorded in the Statement of Comprehensive Income.

1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Impairment of Assets

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount for the asset (or cash-generating unit) is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount and an impairment loss is recognized in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized in profit or loss immediately.

No impairment charges were incurred during the three years ended June 30, 2013.

(g) Intangible Assets - Research and Development

Expenditure during the research phase of a project is recognized as an expense when incurred. Where no internally generated intangible assets can be recognized, development expenditure is recognized as an expense in the period as incurred. Development costs are capitalized if and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Internally-generated intangible assets (capitalized development costs) are stated at cost less accumulated amortization and impairment, and are amortized on a straight-line basis over their useful lives over a maximum of five years.

At June 30, 2013 and 2012, Prana had no capitalized research and development costs.

(h) Foreign Currency Transactions and Balances

Functional and Presentation Currency

Items included in the financial statements of each of the Company's entities are measured using Australian dollars, which is the currency of the primary economic environment in which the Company operates (the functional currency).

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at each reporting date are translated at the exchange rate existing at each reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Group companies
The results and financial position of all the Company's entities that have a functional currency difference from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet, and
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognized as a separate component of equity.

On consolidation, the assets and liabilities of the Company's overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognized in the foreign currency translation reserve, and recognized in profit or loss on disposal of the foreign operations.

(i) Employee Benefits
Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Consideration is given to expected future wage and salary levels and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(j) Provisions
Provisions are recognized when the Company has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(k) Cash and Cash Equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(l) Revenue
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is made up of interest income which is recognized on a time proportion basis using the effective interest method.

(m) Grants
Grants are recognized when there is reasonable assurance that the grant will be received and all grant conditions will be complied with.

When the grant relates to an expense item, it is recognized as income over the periods necessary to match the grant on a systematic basis to the costs that it is expected to compensate.

(n) Other Income
Other income is recognized to the extent that it is probable that the economic benefits will flow to the entity and the income can be reliably measured.

1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Goods and Services Tax ("GST")
Revenues, expenses and assets are recognized net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances the GST is recognized as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(p) Trade and Other Payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Share-Based Payments
Equity-settled share-based payments granted after November 7, 2002 that were unvested as of January 1, 2005 are measured at fair value. The measurement date is determined for share-based payments issued to directors, employees and consultants as follows:

Directors
The issuance of share-based payments to directors is subject to approval by shareholders as per ASX Listing Rule 10.11. The measurement date for share-based payments issued to directors is the grant date, being the date at which the share-based payments are approved by shareholders.

Employees
The issuance of share-based payments to employees may be subject to shareholder approval per ASX Listing Rule 7.1 which prohibits the issuance of more than 15% of the Company's shares in a 12 month period without shareholder approval. The measurement date for share-based payments issued to employees is the grant date, being the date at which a shared understanding of the terms and conditions of the arrangement is reached. However, if an issuance to an employee is subject to shareholder approval because it exceeds the 15% threshold per ASX Listing Rule 7.1, then the measurement date of these share-based payments is the date at which the share-based payments are approved by shareholders.

Consultants
The issuance of share-based payments to consultants may be subject to shareholder approval per ASX Listing Rule 7.1 which prohibits the issuance of more than 15% of the Company's shares in a 12 month period without shareholder approval. The measurement date for share-based payments issued to consultants who provide services considered to be similar to employees is deemed to be the date at which a shared understanding of the terms and conditions of the arrangement is reached. The measurement date for share-based payments issued to consultants who provide services considered to be differentiated from those provided by employees is deemed to be the date at which the entity obtains the goods or the counterparty renders the service. If a service period applies and the work is continually provided over the service period, and if the share price of the Company does not change significantly during the service period, then the average share price, volatility and risk-free rate over the service period are used in calculating the value of the share-based payments issued. However, if the underlying share price of the Company does change significantly during the service period, then the value of share-based payments are calculated at each individual date that goods and services are provided, using the actual valuation inputs at that date. Shares issued to consultants for services are recorded as non-cash compensation and are recognized at either the fair value of the services rendered, or if this cannot be reasonably estimated, the fair value of the underlying equity instruments issued.

Equity-based compensation benefits are provided to directors, employees and consultants under the 2004 ASX Plan (the "2004 ASX Plan") and the 2004 American Depository Share (ADS) Option Plan (the "2004 ADS Plan"). Information relating to this plan is set out in Note 18.

The fair value of options granted under the 2004 ASX Plan is recognized as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognized over the period during which the recipients become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes (for options without market condition) and Barrier Pricing (for options with market conditions) model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Loss Per Share
Basic loss per share is determined by dividing the net loss after income tax expense by the weighted average number of ordinary shares outstanding during the financial period. For all periods presented, diluted loss per share is equivalent to basic loss per share as the potentially dilutive securities are excluded from the computation of diluted loss per share because the effect is anti-dilutive.

(s) Share Capital
Ordinary share capital is recognized as the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognized directly in equity as a reduction of the share proceeds received.

(t) Trade and Other Receivables
Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method less provision for impairment.

(u) Comparative Figures
When required by IFRS, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(v) New Accounting Standards And Interpretations

(i) New and amended Accounting Standards and Interpretations issued and effective

There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after June 30, 2012 that would be expected to have a material impact on the Company.

(ii) Accounting Standards issued by not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for June 30, 2013 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

Initial application of the following Standards and Interpretations will not affect any of the amounts recognized in the financial report, but may change the disclosures presently made in relation to the Company:

- *IFRS 9 Financial Instruments*

In November 2009, the IASB issued, and subsequently revised in October 2010, IFRS 9 as a first phase in its ongoing project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9, which is to be applied retrospectively, is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The standard also adds guidance on the classification and measurement of financial liabilities. Management has not yet determined the potential impact the adoption of IFRS 9 will have on the Company's consolidated financial statements.

- *IFRS 10 Consolidated Financial Statements*

In May 2011, the IASB issued IFRS 10, which is to be applied retrospectively, and is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 10 replaces Standing Interpretations Committee ("SIC") 12 Consolidation – Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. IFRS 10 eliminates the current risk and rewards approach and establishes control as the single basis for determining the consolidation of an entity. The standard provides guidance on how to apply the control principles in a number of situations, including agency relationships and holding potential voting rights. Management has not yet determined the potential impact that the adoption of IFRS 10 will have on the Company's consolidated financial statements.

- *IFRS 12 Disclosure of Interests in Other Entities*

In May 2011, the IASB issued IFRS 12, which is to be applied retrospectively, and is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 12 outlines the required disclosures for interests in subsidiaries and joint arrangements. The new disclosures require information that will assist financial statement users to evaluate the nature, risks and financial effects associated with an entity's interests in subsidiaries and joint arrangements. Management has not yet determined the potential impact that the adoption of IFRS 12 will have on the Company's consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

1. BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- *IFRS 13 Fair Value Measurement*

In May 2011, the IASB issued IFRS 13, which is to be applied prospectively, and is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

IFRS 13 defines fair value, provides a framework for measuring fair value and includes disclosure requirements for fair value measurements. IFRS 13 will be applied in most cases when another IFRS requires (or permits) fair value measurement. Management has not yet determined the potential impact that the adoption of IFRS 13 will have on the Company's consolidated financial statements.

- *Other*

In June 2011, the IASB issued amendments to IAS 1 to revise the way in which other comprehensive income is presented. The Company does not believe the changes resulting from the amended standard will have an impact on its consolidated financial statements. The amended standard is effective for annual periods beginning on or after July 1, 2012.

In June 2011, the IASB issued amendments to IAS 19 Employee Benefits with revised requirements for pensions and other post-retirement benefits, termination benefits and other changes. The Company does not believe the changes resulting from these amendments are relevant to its consolidated financial statements. The amended standard is effective for annual periods beginning on or after January 1, 2013.

In June 2011, the IASB issued amendments to IFRS 7 Financial Instruments: Disclosures. The Company does not believe the changes resulting from these amendments are relevant to its consolidated financial statements. The amended standard is effective for annual periods beginning on or after July 1, 2011.

In May 2011, the IASB issued IFRS 11 Joint Arrangements, in addition to IFRS 10 and IFRS 12 discussed above. The Company does not believe the changes resulting from this new standard are relevant to its consolidated financial statements. IFRS 11 is effective for annual periods beginning on or after January 1, 2013.

	Years Ended June 30,		
	2013	**2012**	**2011**
2. REVENUE AND OTHER INCOME FROM CONTINUING OPERATIONS			
Other revenue			
Interest	150,867	186,664	156,135
Total other revenue	150,867	186,664	156,135
Other income			
Donations	-	5,664	6,785
R&D Tax Concession	4,408,761	2,241,673	-
Michael J Fox Foundation Grant	79,765	93,514	-
Total other income	4,488,526	2,340,851	6,785
Total revenue	4,639,393	2,527,515	162,920

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

	Notes	Years Ended June 30, 2013	2012	2011
3. EXPENSES FROM ORDINARY ACTIVITIES				
Research and development	3(a)	7,946,005	4,228,719	2,758,381
Corporate personnel expenses				
Employee expenses		836,085	867,999	1,078,501
Equity based payments to employees		73,756	111,474	22,604
Consultant and director expenses		761,584	745,167	678,064
Equity-based payments to consultants and directors		800,833	32,000	51,000
Defined contribution superannuation expenses		83,985	101,922	135,239
Total corporate personnel expense*		2,556,243	1,858,562	1,965,408
Intellectual property expenses				
Overseas		145,233	77,902	74,634
Local		149,661	183,804	324,603
Total intellectual property expense				
		294,894	261,706	399,237
Depreciation of non-current assets				
Laboratory equipment		2,831	5,159	6,557
Computer equipment		17,569	11,751	22,235
Furniture and fittings		2,730	2,711	2,711
Leasehold improvements		-	-	74
Write-off non-current assets		-	-	-
Total depreciation expense		23,130	19,621	31,577
Other expenses				
Corporate compliance		251,552	403,981	181,992
Office expenses		634,552	437,427	452,567
Computer expenses		21,609	28,994	21,975
Insurance		84,679	64,046	56,868
Office rental under operating lease		177,015	161,291	140,121
Interest Expense - ADDF		17,676	11,544	3,758
Total other expenses		1,187,083	1,107,283	857,281
Auditor and accounting expenses		166,086	153,597	157,436
Travel expenses		131,710	91,624	159,971
Public relations and marketing expenses		136,186	124,970	110,646
Foreign exchange gain (loss)		(140,761)	(45,959)	145,377
Gain (loss) on fair valuation of financial liabilities		126,059	(33,139)	8,791
Total expenses		12,426,635	7,766,984	6,594,105

*Corporate personnel expenses excludes salaries and fees paid to employees and consultants involved in research and development activities.

(a) Research and development expenses	Years Ended June 30, 2013	2012	2011
Personnel expenses related to research and development	519,455	712,345	428,890
Research and development expenses (1)	7,426,550	3,516,374	2,329,491
Total research and development expenses	7,946,005	4,228,719	2,758,381

(1) Research and development expenses consist of expenses paid for contracted research and development activities conducted by third parties on behalf of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

	Years Ended June 30,		
	2013	2012	2011
4. INCOME TAX			
(a) The prima facie tax on net (loss) before tax is reconciled to the income tax is as follows:			
Prima facie tax on net (loss) before income tax at 30% (2013, 2012 & 2011: 30%)	(2,336,173)	(1,571,841)	(1,929,356)
Effect of lower tax rates of tax on overseas income	(499)	(286)	(18)
Add tax effect of:			
(Over)/Under provision of income tax in previous year relating to a correction of estimates (1)	1,408,791	336,146	218,421
Equity issued for nil consideration	274,642	92,908	30,439
Research and development tax concession	(1,039,919)	(465,112)	(222,358)
Gain on fair value of financial liabilities	(9,381)	9,942	(2,637)
Other	1,766	2,508	1,355
Deferred tax asset not recognized	1,700,772	1,595,736	1,904,154
Income tax expense attributable to loss before income tax	-	-	-
(b) Potential deferred tax asset at June 30, 2012, 2011 and 2010 in respect of: tax losses not brought to account is:	35,566,969	33,969,324	32,246,695
Temporary differences	(338,714)	433,178	345,577

(1) This is the result of the difference between the accounting estimate included in the prior year's tax note, as disclosed in the annual report on Form 20-F for the year ended June 30, 2012 and the tax return lodged with the Australian Tax Office after the filing of the Form 20-F for such period.

	Years Ended June 30,	
	2013	2012
5. TRADE AND OTHER RECEIVABLES		
R&D tax credit receivable	3,523,938	1,550,836
	3,523,938	1,550,836

	Years Ended June 30,	
	2013	2012
6. OTHER ASSETS		
Current		
Prepayments	110,373	67,463
Other receivables	1,869	1,212
Total	112,242	68,675
Non-current		
Term deposit	43,988	37,837
Total	43,988	37,837

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

	Notes	Years Ended June 30, 2013	2012
7. PROPERTY AND EQUIPMENT			
Gross carrying amount			
Balance at beginning of year		423,460	396,697
Additions		21,972	26,763
Disposals		-	-
Balance at end of year		445,432	423,460
Accumulated depreciation			
Balance at beginning of year		(375,409)	(355,788)
Disposals		-	-
Depreciation expense	3	(23,130)	(19,621)
Balance at end of year		(398,539)	(375,409)
Net book value at end of year		46,893	48,051

Aggregate depreciation allocated during the year is recognized as an expense and disclosed in Note 3.

	Years Ended June 30, 2013	2012
Laboratory equipment, at cost	166,264	166,299
Less accumulated depreciation	(166,253)	(163,457)
Total laboratory equipment	11	2,842
Computer equipment, at cost	165,146	144,224
Less accumulated depreciation	(129,585)	(122,746)
Total computer equipment	35,561	31,478
Furniture and fittings, at cost	37,598	37,278
Less accumulated depreciation	(26,277)	(23,547)
Total furniture and fittings	11,321	13,731
Leasehold improvements, at cost	75,659	75,659
Less accumulated depreciation	(75,659)	(75,659)
Total leasehold improvements	-	-
Total	46,893	48,051

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

	Years Ended June 30,	
	2013	2012
8. TRADE AND OTHER PAYABLES		
Trade creditors	278,641	202,347
Accrued research and development expenses	1,195,370	375,283
Accrued intellectual property expenses	24,464	13,788
Accrued corporate personnel expenses	441	39,440
Accrued audit and accounting fees	237,042	271,725
Accrued travel expenses	-	469
Accrued marketing expenses	-	2,775
Other accrued expenses	39,708	48,888
Sundry payables	-	7,239
Total	1,775,666	961,954

	Years Ended June 30,			
	2013	2012	2013	2012
9. FINANCIAL LIABILITIES	No.	No.	$A	$A
Current				
Convertible Promissory Note (a)	-	-	802,641	299,012
Warrants over ordinary shares (b)	612,397	612,397	68,160	36,891
Total			870,801	335,903

(a) Convertible Promissory Note.
In the Financial Year ended 30 June 2011 the Company entered into an agreement with the Alzheimer's Drug Discovery Foundation ("ADDF") to receive a Grant of up to US$700,000, receivable in two instalments of US$350,000. As at 30 June 2013 both instalments totaling US$700,000 have been received. As a condition to receiving the Grant and on execution of the agreement, the Company executed a Convertible Promissory Note, which is equal to the amount of the first instalment. This Convertible Promissory Note will govern the terms of repayment of the Grant or the conversion into ordinary shares of the Company. Further, as a condition to receiving the Grant, on receipt of each instalment, the Company shall execute a Warrant to ADDF to purchase ordinary shares of the Company.

The convertible promissory note is classified as a financial liability in accordance with IAS 32 and IAS 39 for recognition and measurement.

The terms of the convertible promissory note are as follows:

Interest Payable -	Per annum rate equal to the United States "prime" rate as published by the Wall Street Journal, compounds annually and payable at maturity.
Maturity –	All unpaid principal, together with any unpaid and accrued interest, will be due and payable on the 3rd anniversary of the date of the agreement.
Note holder conversion -	Upon the Company closing an equity financing of at least US$1M, excluding the principle amount of the convertible promissory note, the outstanding principal, together with unpaid and accrued interest, the convertible promissory note holder may elect to convert the total outstanding amounts into units of securities issued in the equity financing at a conversion price equal to the lowest per unit price paid by investors in that financing.
Company conversion –	If, at any time, any unpaid principal, together with any unpaid and accrued interest, would be due and payable and the Company does not have the capacity to repay the total outstanding amounts in cash, the Company may elect to substitute an issue of ordinary shares equal to the total outstanding amount at a 20% discount to a 5 day VWAP.

(b) Warrants over ordinary shares
As per an agreement with the ADDF, the Company issued warrants to purchase 612,397 ordinary shares to the ADDF representing 30% of the value of the first tranche of the US$350,000 grant received during the financial year end June 30, 2011. The warrants are convertible to ordinary shares on or before February 25, 2016 at an exercise price of A$ 0.17 per warrant.

Under IAS 32 paragraph 11, the warrants associated with this transaction are required to be classified as a financial liability, as opposed to issued capital. On initial recognition the warrants are measured at fair value on the Statement of Financial Position. At each reporting date the financial liability representing the warrants are required to be re-valued to fair value with the movement in the fair value recorded in the Statement of Comprehensive Income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

	Notes	Years Ended June 30, 2013	2012
10. PROVISIONS			
Current			
Annual leave (1)		179,609	159,557
Long service leave (1)(2)	21	239,567	203,238
Total		419,176	362,795
Non-Current			
Long service leave (2)	21	133	6,938

A provision has been recognized for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1 to this report.

(1) Movements in provisions
Movements in each class of provision during the financial year are set out below:

	Years Ended June 30, 2013	2012
Annual leave		
Carrying amount at start of year	159,557	142,521
Charged/(credited) to profit or loss		
-additional provisions recognized	126,926	109,132
-unused amounts reversed	-	(920)
Amounts used during the year	(106,874)	(91,176)
Carrying amount at end of year	179,609	159,557
Long service leave		
Carrying amount at start of year	210,176	181,830
Charged/(credited) to profit or loss		
-additional provisions recognized	29,524	41,422
-unused amounts reversed	-	(13,076)
Amounts used during the year	-	-
Carrying amount at end of year	239,700	210,176
TOTAL	**419,309**	**369,733**

(2) Amounts not expected to be settled within the next 12 months
The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances.

The entire amount is presented as current, since the Company does not have an unconditional right to defer settlement. However, based on past experience, the Company does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	Years Ended June 30, 2013	2012
Long service leave obligation expected to be settled after 12 months	239,567	203,238

11. COMMITMENTS AND CONTINGENCIES

Majority of the contracts for the Company's research and development programs have termination notice periods of 30 days. The Company has the ability to scale down its operations and prioritise its research and development programs to reduce capital expenditure if required. As at June 30, 2013, the Company had research and development termination commitments approximating AU$2 million. No liability has been recognized within these financial statements.

There are no contingent assets or liabilities at the date of this report. The Company is not involved in any legal or arbitration proceedings and, so far as management is aware, no such proceedings are pending or threatened against the Company.

In respect of expenditure commitments, refer to Note 17.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

	Years Ended June 30,	
	2013	2012
12. UNEARNED INCOME		
Unearned income: Michael J Fox Foundation Grant	33,332	50,831
	33,332	50,831

	Notes	Years Ended June 30,		
		2013	2012	2011
13. ISSUED CAPITAL				
(a) Issued Capital				
381,610,426 (2012: 297,980,818) fully paid ordinary shares	13(b)	98,677,467	83,432,433	79,639,175
Nil (2012: Nil) options for fully paid ordinary shares	13(c)	2,701,644	2,701,644	2,701,644
		101,379,111	86,134,077	82,340,819

(b) Movements in Issued Shares

	June 30,					
	2013		2012		2011	
	No.	A$	No.	A$	No.	A$
Beginning of the year	297,980,818	83,432,433	275,286,783	79,639,175	234,045,871	72,418,520
Movement during the year	83,629,608	15,245,034	22,694,035	3,793,258	41,240,912	7,220,655
End of the year	381,610,426	98,677,467	297,980,818	83,432,433	275,286,783	79,639,175

Details of share issuances are as follows:

Date	Details	Notes	Number	Issue Price	$A
Year ended June 30, 2010			31,335,398		4,931,175
July 1, 2010	Reversal of Proposed Non cash share issue in consideration for services provided by consultants		-	0.32	(17,517)
July 19, 2010	Shares to investors as part of private placement		7,064,749	0.16	1,150,000
September 27, 2010	Non cash share issue in consideration for services provided by consultants	(i)	110,000	0.13	14,300
September 27, 2010	Exercise of options – employees		84,333	-	18,553
October 8, 2010	Exercise of options – employees		112,250	-	24,695
November 4, 2010	Exercise of options – employees		120,000	-	26,400
November 4, 2010	Exercise of options – consultants		500,000	-	120,000
March 4, 2011	Non cash share issue in consideration for services provided by consultants	(i)	55,000	0.16	8,800
April 8, 2011	Shares to investors as part of private placement		27,200,000	0.19	5,245,714
June 30, 2011	Shares to investors as part of private placement		5,694,580	0.20	1,141,735
June 30, 2011	Non cash share issue in consideration for services provided by consultants	(i)	300,000	0.17	51,000
	Security issuance costs				(563,025)
Year ended June 30, 2011			41,240,912		7,220,655
September 15, 2011	Shares to investors as part of at-the-market facility		196,000	0.19	36,827
September 19, 2011	Shares to investors as part of at-the-market facility		4,913,630	0.21	1,031,094
September 20, 2011	Shares to investors as part of at-the-market facility		1,211,970	0.18	223,976
November 17, 2011	Shares to investors as part of at-the-market facility		1,052,000	0.16	169,980
November 23, 2011	Shares to investors as part of at-the-market facility		2,736,530	0.17	461,556

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

December 22, 2011	Exercise of options – employees		91,865	-	36,746
December 22, 2011	Exercise of options – consultants		250,000	-	83,790
January 9, 2012	Shares to investors as part of at-the-market facility		3,396,190	0.16	536,228
January 10, 2012	Shares to investors as part of at-the-market facility		712,350	0.15	103,893
January 11, 2012	Shares to investors as part of at-the-market facility		703,140	0.15	102,263
January 17, 2012	Shares to investors as part of at-the-market facility		312,070	0.15	45,687
January 30, 2012	Shares to investors as part of at-the-market facility		145,000	0.16	22,570
February 1, 2012	Non cash share issue in consideration for services provided by consultants	(i)	405,150	0.16	65,549
February 1, 2012	Shares to investors as part of at-the-market facility		110,000	0.17	18,700
February 7, 2012	Shares to investors as part of at-the-market facility		745,000	0.16	119,271
February 8, 2012	Shares to investors as part of at-the-market facility		1,250,030	0.17	207,627
February 9, 2012	Shares to investors as part of at-the-market facility		1,228,820	0.18	217,609
February 10, 2012	Shares to investors as part of at-the-market facility		460,110	0.18	83,430
February 16, 2012	Shares to investors as part of at-the-market facility		311,380	0.16	50,168
March 1, 2012	Shares to investors as part of at-the-market facility		183,000	0.16	29,042
March 21, 2012	Shares to investors as part of at-the-market facility		1,000,000	0.16	159,647
March 21, 2012	Non cash share issue in consideration for services provided by consultants	(i)	200,000	0.16	32,000
March 29, 2012	Shares to investors as part of at-the-market facility		265,500	0.17	44,333
May 21, 2012	Shares to investors as part of at-the-market facility		366,020	0.16	59,799
May 25, 2012	Shares to investors as part of at-the-market facility		448,280	0.16	72,945
	Security issuance costs				(221,472)
Year ended June 30, 2012			22,694,035		3,793,258
August 24, 2012	Shares to investors as part of at-the-market facility		1,364,190	0.18	$ 239,238
August 27, 2012	Shares to investors as part of at-the-market facility		1,656,440	0.17	$ 288,162
August 28, 2012	Shares to investors as part of at-the-market facility		52,000	0.17	$ 8,970
August 29, 2012	Shares to investors as part of at-the-market facility		164,770	0.17	$ 28,252
August 31, 2012	Shares to investors as part of at-the-market facility		347,000	0.17	$ 58,771
September 3, 2012	Shares to investors as part of at-the-market facility		816,330	0.17	$ 138,954
September 4, 2012	Shares to investors as part of at-the-market facility		169,060	0.17	$ 27,909
September 14, 2012	Shares to investors as part of at-the-market facility		1,249,450	0.19	$ 242,432
September 17, 2012	Shares to investors as part of at-the-market facility		2,507,610	0.20	$ 507,067
September 18, 2012	Shares to investors as part of at-the-market facility		354,500	0.20	$ 70,973
September 25, 2012	Shares to investors as part of at-the-market facility		1,196,500	0.25	$ 296,530
September 26, 2012	Shares to investors as part of at-the-market facility		189,210	0.24	$ 46,289
September 27, 2012	Shares to investors as part of at-the-market facility		121,350	0.22	$ 27,055
September 28, 2012	Shares to investors as part of at-the-market facility		20,700	0.23	$ 4,665
October 8, 2012	Shares to investors as part of private placement		32,500,000	0.18	$ 6,012,500
March 1, 2013	Non cash share issue in consideration for services provided by consultants	(i)	110,000	0.20	$ 22,000
March 7, 2013	Shares to investors as part of at-the-market facility		1,843,240	0.27	$ 502,879
March 7, 2013	Shares to investors as part of at-the-market facility		1,499,870	0.27	$ 407,541
April 8, 2013	Shares to investors as part of private placement		25,641,030	0.20	$ 5,000,000
April 8, 2013	Shares to investors as part of at-the-market facility		1,045,150	0.21	$ 218,981
April 8, 2013	Shares to investors as part of at-the-market facility		244,740	0.22	$ 53,110
April 8, 2013	Shares to investors as part of at-the-market facility		165,980	0.22	$ 36,284
May 3, 2013	Share Purchase Plan		10,370,488	0.19	$ 2,022,245
	Security issuance costs				(1,015,775)
Year ended June 30, 2013			3,636,070		15,245,034

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

13. ISSUED CAPITAL (continued)

(i) Shares issued to consultants for services are recorded as non-cash compensation and are recognized at either the fair value of the services rendered, or if this cannot be reasonably estimated, the fair value of the underlying equity instruments issued. Shares issued to consultants have been valued as outlined below:

September 27, 2010, March 4, 2011, June 27, 2011, February 1, 2012, March 21, 2012 and March 1, 2013

The services provided by these consultants were documented in consultancy agreements which outlined remuneration in the form of an annual fee and share-based compensation in the form of shares. The equity-based compensation is not linked to any particular milestone or element of the services to be provided under the terms of the agreements.

Given the extended period of consultants' involvement and associated milestones, the Company determined there were no comparable service examples against which to benchmark the value of the consultants' services. Additionally, there was no distinction between the portion of the services which gave rise to the cash entitlements and the portion that gave rise to share entitlements. As the Company could not reliably estimate the fair value of the services received, the Company determined that it was appropriate to measure the services at the fair value of the underlying equity instruments issued.

(c) Movements in Options

	June 30,					
	2013		2012		2011	
	Number of Options	A$	Number of Options	A$	Number of Options	A$
Beginning of the year	-	2,701,644	-	2,701,644	-	2,701,644
End of the year*	-	2,701,644	-	2,701,644	-	2,701,644

*There was no movement in options during the financial years ended June 30, 2013, 2012 and 2011.

(d) Terms and Conditions of Issued Capital

Ordinary shares
Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to vote, either in person or by proxy, at a meeting of the Company's shareholders.

Options
Option holders do not have the right to receive dividends and are not entitled to vote at a meeting of the Company's shareholders. Options may be exercised at any time from the date they vest to the date of their expiration. Share options convert into ordinary shares on a one for one basis on the date they are exercised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

13. ISSUED CAPITAL (continued)

(e) Shares Issued after Reporting Date

After reporting date the following equity issues occurred:

Date	Details	Notes	Number	Issue Price A$	$ A
July 31, 2013	Shares to investors as part of at-the-market facility		1,469,780	0.40	588,216
August 1, 2013	Shares to investors as part of at-the-market facility		465,980	0.38	176,592
August 2, 2013	Shares to investors as part of at-the-market facility		3,601,550	0.39	1,413,617
August 5, 2013	Shares to investors as part of at-the-market facility		2,517,590	0.38	956,832
August 26, 2013	Exercise of options – consultants		150,000	0.25	14,640
August 26, 2013	Exercise of options – consultants		100,000	-	11,700
August 26, 2013	Exercise of options – consultants		86,625	-	12,266
August 26, 2013	Exercise of options – consultants		100,000	-	11,700
August 26, 2013	Exercise of options – investors		10,000,000	0.30	857,143
August 29, 2013	Shares to investors as part of at-the-market facility		1,167,610	0.57	662,809
September 5, 2013	Shares to investors as part of at-the-market facility		2,160,950	0.58	1,261,265
September 6, 2013	Shares to investors as part of at-the-market facility		1,395,610	0.56	786,494
September 7, 2013	Shares to investors as part of at-the-market facility		523,120	0.55	288,606
September 10, 2013	Shares to investors as part of at-the-market facility		2,056,760	0.52	1,071,557
October 3, 2013	Exercise of options – employees		97,418	-	17,577
October 3, 2013	Exercise of options – employees		625,000	-	282,828
			26,517,993		8,413,842

14. RESERVES

	Notes	Years Ended June 30, 2013	2012	2011
(a) Share Based Payments				
35,544,121 (2012: 28,360,328) options for fully paid ordinary shares	14(b)	8,557,928	7,664,454	7,525,998
Nil (2012: 380,000) options for ADRs	14(c)	1,515,434	1,515,434	1,515,434
Nil (2012: Nil) warrants for ADRs	14(d)	453,563	453,563	453,563
		10,526,925	9,633,451	9,494,995

The share-based payment reserve is used to recognize the fair value of options and warrants issued to directors, executives, employees and consultants but not exercised. Amounts are transferred out of the reserve and into issued capital when the options or warrants are exercised.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

14. RESERVES (continued)

(b) Movements in Options for Fully Paid Ordinary Shares

	Years Ended June 30,					
	2013		2012		2011	
	Number of Options	Comp. Expense (A$)	Number of Options	Comp. Expense (A$)	Number of Options	Comp. Expense (A$)
Beginning of the year	28,360,328	7,664,454	26,043,956	7,525,998	26,419,378	6,613,582
Issued during the year	10,683,793	893,474	4,158,674	286,866	8,712,645	1,063,032
Expired during the year	(3,500,000)	-	-	-	(8,191,484)	-
Forfeited during the year	-	-	(1,500,437)	(75,022)	(80,000)	(2,266)
Amortization of option expenses	-	-	-	47,148	-	41,298
Exercised during the year (Note 14(b))	-	-	(341,865)	(120,536)	(816,583)	(189,648)
End of the year	35,544,121	8,557,928	28,360,328	7,664,454	26,043,956	7,525,998

Details of option grants are summarized as follows.

Year ended June 30, 2011:

- On October 8, 2010, the Company granted options to purchase 200,000 ordinary shares to consultants under the 2004 ASX Plan (see Note 19) in recognition of services rendered to the Company. The options are exercisable at A$nil consideration and expire on August 7, 2014. The fair value of the options is A$0.12.
- On April 8, 2011, the Company granted options to purchase 6,800,000 ordinary shares to investors as part of a capital raising. The options are exercisable at A$0.225 consideration and expire on March 24, 2015. The fair value of the options is A$0.13.
- On April 8, 2011, the Company granted options to purchase 289,000 ordinary shares to investors as part of a capital raising. The options are exercisable at A$0.225 consideration and expire on March 24, 2015. The fair value of the option is A$0.15.
- On June 30, 2011, the Company granted options to purchase 1,423,645 ordinary shares to investors as part of a capital raising. The options are exercisable at A$0.225 consideration and expire on March 24, 2015. The fair value of the option is A$0.10.

Year ended June 30, 2012:

- On December 19, 2011, the Company granted options to purchase 1,650,000 ordinary shares to consultants under the 2004 ASX Plan (see Note 19) in recognition of services rendered to the Company. The options are exercisable at A$0.25 consideration and expire on December 19, 2014. The fair value of the options is A$0.05.
- On December 19, 2011, the Company granted options to purchase 850,437 ordinary shares to employees under the 2004 ASX Plan (see Note 19) in recognition of future contributions to the growth and success of the Company. The options are exercisable at A$0.25 consideration and expire on December 19, 2014. The fair value of the options is A$0.05.
- On March 21, 2012, the Company granted options to purchase 650,000 ordinary shares to consultants under the 2004 ASX Plan (see Note 19) in recognition of services rendered to the Company. The options are exercisable at A$0.25 consideration and expire on March 20, 2017. The fair value of the options is A$0.10.
- On March 21, 2012, the Company granted options to purchase 1,008,237 ordinary shares to employees under the 2004 ASX Plan (see Note 19) in recognition of future contributions to the growth and success of the Company. The options are exercisable at A$0.25 consideration and expire on March 20, 2017. The fair value of the options is A$0.10.

Year ended June 30, 2013:

- On December 12, 2012, the Company granted options to purchase 8,000,000 ordinary shares to directors under the 2004 ASX Plan (see Note 18) in recognition of services rendered to the Company. The options are exercisable at A$0.33 consideration and expire on December 13, 2017. The fair value of the options is A$0.07.
- On December 12, 2012, the Company granted options to purchase 1,000,000 ordinary shares to key management personnel under the 2004 ASX Plan (see Note 18) in recognition of services rendered to the Company. The options are exercisable at A$0.33 consideration and expire on December 13, 2017. The fair value of the options is A$0.07.
- On June 26, 2013, the Company granted options to purchase 641,923 ordinary shares to employees under the 2004 ASX Plan (see Note 18) in recognition of future contributions to the growth and success of the Company. The options are exercisable at A$0.37 consideration and expire on June 25, 2018. The fair value of the options is A$0.14.
- On June 26, 2013, the Company granted options to purchase 1,041,870 ordinary shares to consultants under the 2004 ASX Plan (see Note 18) in recognition of future contributions to the growth and success of the Company. The options are exercisable at A$0.37 consideration and expire on June 25, 2018. The fair value of the options is A$0.14.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

14. RESERVES (continued)

(c) Movements in Options for ADRs

	Years Ended June 30,					
	2013		2012		2011	
	Number of Options	Comp. Expense (A$)	Number of Options	Comp. Expense (A$)	Number of Options	Comp. Expense (A$)
Beginning of the year	380,000	1,515,434	380,000	1,515,434	380,000	1,515,434
Expiration of options (1)	(380,000)	-	-	-	-	-
End of the year	-	1,515,434	380,000	1,515,434	380,000	1,515,434

(1) Options exercisable at US$5.00 on or before December 17, 2012. These options are convertible to ADRs, 1 ADR = 10 ordinary shares. These options over ADRs expired without being exercised on December 17, 2012.

(d) Movement in Warrants for ADRs

	Years Ended June 30,					
	2013		2012		2011	
	Number of Warrants	Comp. Expense (A$)	Number of Warrants	Comp. Expense (A$)	Number of Warrants	Comp. Expense (A$)
Beginning of the year (1)	-	453,563	-	453,563	-	453,563
Beginning of the year (2)	612,397	-	612,397	-	-	-
End of the year	612,397	453,563	612,397	453,563	-	453,563

(1) Warrants exercisable at US$8.00 on or before June 4, 2009. These warrants are convertible to ADRs, one ADR represents ten ordinary shares. Warrants expired without being exercised on June 4, 2009.
(2) Warrants exercisable at A$0.17 on or before February 25, 2016.

(e) Terms and Conditions of Reserves

Options and warrants
Option holders and warrant holders do not have the right to receive dividends and are not entitled to vote at a meeting of the Company's shareholders. Options and warrants may be exercised at any time from the date they vest to the date of their expiration. Share options are exercisable into ordinary shares on a one for one basis on the date they are exercised. Options granted under the 2004 ADS Plan are exercisable into ADRs, being one option for one ADR, which equals ten ordinary shares, on the date they are exercised.

In Australia, there is not a set number of authorized shares, shares are not reserved for the exercise of options, and shares do not have a par value.

(f) Options and Warrants Issued after Reporting Date

No option issues have occurred after reporting date. There have been no warrants granted after reporting date.

	Years Ended June 30,	
	2013	2012
15. ACCUMULATED DEFICIT DURING DEVELOPMENT STAGE		
Balance at beginning of year	(90,144,081)	(84,904,612)
Net loss for the year	(7,787,242)	(5,239,469)
Balance at end of year	(97,931,323)	(90,144,081)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

	Years Ended June 30,		
	2013	2012	2011
16. CASH FLOW INFORMATION			
(a) Reconciliation of Net Loss to Net Cash Flows From Operations			
Net loss	(7,787,242)	(5,239,469)	(6,431,185)
Non-cash items			
Depreciation of property and equipment	23,130	19,621	31,577
Non-cash issue of equity in consideration of operating expenses	893,477	310,835	144,569
Loss on disposal of plant and equipment	(150)	762	268
Foreign exchange (gain) loss	(110,816)	(48,870)	149,532
(Gain) loss on fair value of financial liabilities	197,898	(23,669)	12,548
Changes in assets and liabilities			
Decrease (increase) in trade and other receivables	(1,973,102)	(1,547,463)	(2,548)
Decrease (increase) in other current assets	(43,567)	21,913	1,389,015
(Decrease) increase in trade and other payables	817,041	(435,779)	151,410
(Decrease) increase in other current liabilities	(17,499)	50,831	
Decrease (increase) in provision for employee entitlements	49,576	45,382	(3,333)
Net cash flows used in operating activities	(7,951,254)	(6,845,906)	(4,558,147)
(b) Reconciliation of Cash and Cash Equivalents			
Cash and cash equivalents balance comprises:			
- cash and cash equivalents on hand	13,346,760	5,636,469	8,838,245
Closing cash and cash equivalents balance	13,346,760	5,636,469	8,838,245

(c) Non-Cash Financing and Investing Activities

During the years ended June 30 2013, 2012 and 2011, the Company issued shares and granted options in connection with non-cash transactions. See Notes 13(b) and 14(b).

17. EXPENDITURE COMMITMENTS

The Company has non-cancelable operating leases contracted for but not capitalized in the financial statements. The Company has commitments under these contracts within one year of A$171,647 and greater than one year but less than three years of A$63,924. The property lease is a non-cancellable lease with a 24 month term, with rent payable monthly in advance. The property lease commenced November 1, 2012 and expires on October 31, 2014. The photocopier lease is a non-cancellable lease with a 48 month term, with rent payable monthly in advance. The photocopier lease commenced April 1, 2012 and expires on March 31, 2016.

Details in relation to commitments under employee service agreements with Directors and Key Management Personnel are outlined in Note 21.

Majority of the contracts for the Company's research and development programs have termination notice periods of 30 days. The Company has the ability to scale down its operations and prioritize its research and development programs in neurology to reduce capital expenditure if required. As at June 30, 2013, the Company had research and development termination commitments approximating A$2 million. No liability has been recognized within these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

18. SHARE BASED PAYMENTS

(a) Employee and Consultant Plans

At the Annual General Meeting held on November 17, 2004, the shareholders approved the establishment of employee and consultant plans designed to reward directors, employees and consultants for their contributions to the Company. The plans are to be used as a method of retaining key personnel for the growth and development of the Company. Due to Prana's U.S. presence, a U.S. plan (the 2004 ADS Plan) and an Australian plan (the 2004 ASX Plan) were developed.
At June 30, 2013, equity had been issued to one former Director under the 2004 ADS Plan and six Directors, three key management personnel, 16 employees and 18 consultants under the 2004 ASX Plan. At June 30, 2012, equity had been issued to one former Director under the 2004 ADS Plan and five Directors, three key management personnel, 16 employees and 17 consultants under the 2004 ASX Plan. At June 30, 2011, equity had been issued to one former Director under the 2004 ADS Plan and five Directors, three key management personnel, 16 employees and 16 consultants under the 2004 ASX Plan.

At the 2004 Annual General Meeting, shareholders authorized the Company to issue in the aggregate up to 12 million ordinary shares under the two plans. This was increased to 22 million ordinary shares at the 2005 Annual General Meeting and further increased to 30 million ordinary shares at the 2007 Annual General Meeting, 45 million ordinary shares at the 2008 Annual General Meeting and 60 million ordinary shares at the 2009 Annual General Meeting. The Share Plan Committee, a sub-committee of the Remuneration Committee administers the two plans and is able to change the terms of the equity issued under them from the default terms**.**

Under the 2004 ADS Plan, the exercise price must equal or exceed the fair value of the ADS on the date the options are awarded. The option expiration date cannot exceed ten years from the date the options were awarded. The default vesting conditions are 25% per year on the date the options were awarded.

Under the 2004 ASX Plan, the exercise price must be equal or be less than the market value of the ordinary shares on ASX on the date of grant. The option expiration date cannot exceed ten years from the date the options were granted. The default vesting conditions are 25% per year on the date the options were granted.

Information with respect to the number of options granted under the 2004 ASX Plan as follows:

	Years Ended June 30,					
	2013		2012		2011	
	Number of Options	Weighted Average Exercise Price (A$)	Number of Options	Weighted Average Exercise Price (A$)	Number of Options	Weighted Average Exercise Price (A$)
Beginning of the year	6,347,683	0.14	4,031,311	0.05	12,055,394	0.16
Issued during the year	10,683,793	0.34	4,158,674	0.25	200,000	Nil
Exercised during the year	-	-	(341,865)	Nil	(816,583)	Nil
Expired during the year	-	-	-	-	(7,327,500)	0.23
Lapsed during the year	-	-	(1,500,437)	0.25	-	-
Forfeited during the year	-	-	-	-	(80,000)	Nil
Outstanding at year end	17,031,476	0.23	6,347,683	0.14	4,031,311	0.05
Exercisable at year end	16,010,786	0.28	5,326,993	0.16	3,010,621	0.07

The range of exercise prices of options outstanding at period end is nil to A$0.37. These options have a weighted average remaining contractual life of 3.51 years. The weighted average fair value of options granted during the period was determined in accordance with Note 1(q) as A$0.08, A$0.07 and A$0.12 for the years ended June 30, 2013, 2012 and 2011, respectively. The weighted average assumptions in calculating fair value were as follows:

- risk-free interest rate of 2.83% for 2013, 3.35% for 2012 and 4.63% for 2011;
- no dividends;
- expected volatility of 57.15% for 2013, 72% for 2012 and 111% for 2011; and
- expected life of 5.00 years for 2013, 3.80 years for 2012 and 3.91 years for 2011.

Risk free interest rate – This is the government bond rate (having a term that most closely resembles the expected life of the option) in effect at the grant date. The Australian government bond rate has been used for options which are exercisable for fully paid ordinary shares and the U.S. government bond rate has been used for options which are exercisable for ADRs.

Dividend yield – Prana has never declared or paid dividends on its ordinary shares and does not anticipate paying any dividends in the foreseeable future.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

18. SHARE BASED PAYMENTS (continued)

Expected volatility – Prana estimates expected volatility based on historical volatility over the estimated life of the option and other factors.

Expected life – This is the period of time that the options granted are expected to remain outstanding. This estimate is based primarily on historical trend of option holders to exercise their option near the date of expiry. As a result the expected life is considered to equal the period from grant date to expiry date.

Information with respect to the number of shares issued under the 2004 ASX Plan as follows:

	Years Ended June 30,		
	2013	2012	2011
	Number of Shares	Number of Shares	Number of Shares
Beginning of the year	6,643,466	6,643,466	5,661,883
Issued during the year (1)	651,865	651,865	981,583
End of the financial year	7,295,331	7,295,331	6,643,466

(1) In the years ended June 30, 2012, 2011 and 2010 this includes options to purchase 341,865, 816,583 and 420,398 ordinary shares, respectively granted under the 2004 ASX Plan that were exercised.

Information with respect to the number of options granted under the 2004 ADS Option Plan as follows:

	Years Ended June 30,					
	2013		2012		2011	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Beginning of the year	380,000	$ US5.00 (A$4.92)	380,000	$ US5.00 (A$4.92)	380,000	$ US5.00 (A$4.72)
Issued during the year [1]	-	-	-	-	-	-
Outstanding at year end	380,000	$ US5.00 (A$4.92)	380,000	$ US5.00 (A$4.92)	380,000	$ US5.00 (A$4.72)
Exercisable at year end [1]	380,000	$ US5.00 (A$4.92)	380,000	$ US5.00 (A$4.92)	380,000	$ US5.00(A$4.72)

[1] These options are exercisable into ADRs (one option granted under the 2004 ADS Plan is exercisable for one ADR which represents ten ASX shares)

The benefit to executives, employees, director and consultants is recognized in the financial statements over the period in which the services are provided. Refer to Notes 13, 14 and 21 for further information.

Options granted that have not been exercised carry no dividend rights or right to vote.

19. SUBSEQUENT EVENTS

Since the end of the reporting period to the time the financial statements were authorized for issue, the Company sold 1,535,895 of its ADRs for aggregate gross proceeds of approximately A$7.31 million (US$6.62 million) through its “at-the-market” facility.

In August 2013 we issued a prospectus providing for the sale of up to US$47,184,000 of our ordinary shares under an amended “At-The-Market” facility.

Post June 30, 2013, 10 million unlisted options due to expire on September 11, 2013 were exercised for consideration of A$0.30 per share. The options were exercised into ordinary shares resulting in A$3 million received by the Company to fund operations.

No other matters or circumstances have arisen since the end of the reporting period, not otherwise disclosed in this report, which significantly affected or may significantly affect the operations of the Company, the result of those operations or the state of affairs of the Company in subsequent financial years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

	Years Ended June 30,		
	2013	2012	2011
20. LOSS PER SHARE			
Basic and diluted loss per share (cents per share)	(2.30)	(1.82)	(2.60)
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted loss per share	338,700,006	287,765,812	247,578,570

The options and warrants in place do not have the effect of diluting the loss per share.

21. KEY MANAGEMENT PERSONNEL COMPENSATION

(a) The Directors of Prana during the year:

Geoffrey Kempler	Executive Chairman and Chief Executive Officer
Brian Meltzer	Non-Executive Independent Director
George Mihaly	Non-Executive Independent Director
Peter Marks	Non-Executive Independent Director
Lawrence Gozlan	Non-Executive Independent Director

(b) The Key Management Personnel of the Company during the year:

Dianne Angus	Chief Operating Officer
Richard Revelins	Company Secretary and Chief Financial Officer

(c) Key Management Personnel Remuneration

Remuneration of all key management personnel of the Company is determined by the Board of Directors following recommendation by the Remuneration Committee.

The Company is committed to remunerating senior executives in a manner that is market competitive and consistent with ‘best practice’ including the interests of shareholders. Remuneration packages are based on fixed and variable components, determined by the executive’s position, experience and performance, and may be satisfied via cash or equity.

Non-executive Directors are remunerated out of the aggregate amount approved by shareholders and at a level that is consistent with industry standards. Non-executive Directors do not receive performance based bonuses and prior shareholder approval is required to participate in any issuance of equity. No retirement benefits are payable other than statutory superannuation, if applicable.

The Company's remuneration policy is not solely based on the Company's performance, but also on industry practice.

The Company's primary focus is research activities with a long term objective of developing and commercializing its research and development results.

The Company envisages its performance in terms of earnings will remain negative whilst the Company continues in the research and clinical trials. Shareholder wealth reflects this speculative and volatile market sector. This pattern is indicative of the Company's performance over the past four years.

The purpose of a performance bonus is to reward individual performance in line with Company objectives. Consequently, performance based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the Company. This is regularly measured in respect of performance against key performance indicators ("KPI's").

The Company uses a variety of KPI's to determine achievement, depending on the role of the executive being assessed. These include:

- successful contract negotiations;
- Company share price reaching a targeted rate on the ASX or applicable market over a period of time; or
- achievement of research project milestones within scheduled time and/or budget.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

21. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

2013	Short Term Benefits		Post-Employment	Equity	
Directors' remuneration	Base Fee A$	Bonus A$	Superannuation Contribution A$	Options A$	Total A$
Geoffrey Kempler (1) (2)	426,466	-	16,470	295,711	738,647
Brian Meltzer (2)	80,275	-	7,225	73,928	161,428
George Mihaly (2)	75,000	-	-	73,928	148,928
Peter Marks (2)	57,500	-	-	73,928	131,428
Lawrence Gozlan (2)	45,000	-	-	73,928	118,928
	684,241	-	23,695	591,423	1,299,359

(1) In accordance with his employment contract, long service leave has been accrued for Mr. Kempler. At June 30, 2013, A$69,233 had been accrued. Out of this sum, no amounts were paid in the financial year ended June 30, 2013.
(2) The Directors received unlisted options during the year ended June 30, 2013. The option prices were calculated using the Black-Scholes Model applying the following inputs:

Grant Date: December 12, 2012	Volatility: 52.30%
Exercise Price: A$0.33	Risk-free Interest Rate: 2.73%
Stock Price: A$0.21	Dividend Yield: 0%
Years to Expiry: 5.00	Option Price: A$0.0739

2012	Short Term Benefits		Post-Employment	Equity	
Directors' remuneration	Base Fee A$	Bonus A$	Superannuation Contribution A$	Options A$	Total A$
Geoffrey Kempler (1)	388,164	-	28,415	-	416,579
Brian Meltzer	82,569	-	7,431	-	90,000
George Mihaly	75,000	-	-	-	75,000
Peter Marks	55,000	-	-	-	55,000
Lawrence Gozlan (2)	36,667	-	-	-	36,667
	637,400	-	35,846	-	673,246

(3) In accordance with his employment contract, long service leave has been accrued for Mr. Kempler. At June 30, 2012, A$57,254 had been accrued. Out of this sum, no amounts were paid in the financial year ended June 30, 2012.
(4) Mr. Lawrence Gozlan was appointed to the Board of Directors on August 8, 2011.

2011	Short Term Benefits		Post-Employment	Equity	
Directors' remuneration	Base Fee A$	Bonus A$	Superannuation Contribution A$	Options A$	Total A$
Geoffrey Kempler (1)	363,865	-	39,537	-	403,402
Brian Meltzer	82,569	-	7,431	-	90,000
George Mihaly	75,000	-	-	-	75,000
Peter Marks	55,000	-	-	-	55,000
Paul Marks (2)	18,349	-	1651	-	20,000
	594,783	-	48,619	-	643,402

(1) In accordance with his employment contract, long service leave has been accrued for Mr. Kempler. At June 30, 2011, A$39,274 had been accrued. Out of this sum, no amounts were paid in the financial year ended June 30, 2011.
(2) Mr. Paul Marks resigned from the Board of Directors on January 4, 2011.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

21. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

2013	Short Term Benefits		Post-Employment	Equity	
Executives' Remuneration	Base Fee A$	Other A$	Superannuation Contribution A$	Options A$	Total A$
Richard Revelins	77,343	-	-	73,928	151,270
Dianne Angus (1) (2)	318,005	-	26,040	-	344,045
	395,348	-	26,040	73,928	495,315

(1) In accordance with her employment contract, long service leave has been accrued for Ms Dianne Angus. At June 30, 2013, A$68,963 had been accrued. Out of this sum, no amounts were paid in the year ended June 30, 2013.
(2) Mr. Revelins received unlisted options during the year ended June 30, 2013. The option prices were calculated using the Black-Scholes Model applying the following inputs:

Grant Date: December 12, 2012	Volatility: 52.30%
Exercise Price: A$0.33	Risk-free Interest Rate: 2.73%
Stock Price: A$0.21	Dividend Yield: 0%
Years to Expiry: 5.00	Option Price: A$0.0739

2012	Short Term Benefits		Post-Employment	Equity	
Executives' Remuneration	Base Fee A$	Other A$	Superannuation Contribution A$	Options A$	Total A$
Richard Revelins	81,681	-	-	-	81,681
Dianne Angus (1) (2)	315,637	-	28,407	30,806	374,850
	397,318	-	28,407	30,806	456,531

(3) In accordance with her employment contract, long service leave has been accrued for Ms Dianne Angus. At June 30, 2012, A$62,659 had been accrued. Out of this sum, no amounts were paid in the year ended June 30, 2012.
(4) Ms. Angus received unlisted options during the year ended June 30, 2012. The option prices were calculated using the Black-Scholes Model applying the following inputs:

Grant Date: May 21, 2012	Volatility: 84.90%
Exercise Price: A$0.25	Risk-free Interest Rate: 3.87%
Stock Price: A$0.16.	Dividend Yield: 0%
Years to Expiry: 5.00	Option Price: A$0.0976

2011	Short Term Benefits		Post-Employment	Equity	
Executives' Remuneration	Base Fee A$	Other A$	Superannuation Contribution A$	Options A$	Total A$
Richard Revelins	80,000	-	-	-	80,000
Dianne Angus (1) (2)	315,637	150,000	41,907	-	507,544
	395,637	150,000	41,907	-	587,544

(1) In accordance with her employment contract, long service leave has been accrued for Ms. Dianne Angus. At June 30, 2011, A$56,334 had been accrued. Out of this sum, no amounts were paid in the year ended June 30, 2011.
(2) During the year ended June 30, 2011, Ms. Angus received a payment of A$150,000 in consideration of reducing her termination payment by nine (9) months.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

21. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

The following Director was under contract during the year ended June 30, 2013:

Directors	Duration	Notice Requirements	Termination
Mr. Geoffrey Kempler	Until termination by either party Signed September 21, 2007	For Good Reason Mr. Kempler may terminate with 30 days notice Or Without Cause the Company may terminate with 90 days notice	•Pay Mr. Kempler within ninety (90) days of the termination date A$1,000,000 provided the Company has sufficient capital requirements to fulfill this clause •Accrued entitlements including all unreimbursed business expenses •Accelerate the vesting of any unvested options
		Without Good Reason Mr. Kempler may terminate with 90 days notice Or With Cause the Company may terminate with 30 days notice	•Bonus pro-rate only if termination occurs in 1st year

The following Senior Executives were under contract during the year ended June 30, 2013:

Key Management Personnel	Duration	Notice Requirements	Termination
Ms Dianne Angus	Until termination by either party Signed October 2, 2006 Letter Agreement signed June 12, 2007	For Good Reason Ms Angus may terminate with 30 days notice Or Without Cause the Company may terminate with 120 days notice	•Pay remuneration entitlements three months from the time of termination (less any payout made for the notice period). The Company can elect to pay such sum as cash, equity in the Company or as a combination of both cash and equity •Accrued entitlements including all unreimbursed business expenses •Accelerate the vesting of any unvested options
		Without Good Reason Ms Angus may terminate with 120 days notice Or With Cause the Company may terminate without notice	•Permitted to keep and/or exercise options that have vested at the time of termination •Accrued entitlements including all unreimbursed business expenses

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

	Years Ended June 30,		
	2013	2012	2011
22. AUDITORS' REMUNERATION			
- audit fees: current year	164,060	145,000	132,000
- audit fees: other public filings in relation to equity filings	-	-	85,000
	164,060	145,000	217,000

PricewaterhouseCoopers was appointed as the Company's principal independent registered public accounting firm on November 30, 2006. No non-audit services were provided by PricewaterhouseCoopers during the 2013 and 2012 fiscal years.

23. RELATED PARTY TRANSACTIONS

a. Equity Interests in Subsidiaries
Prana Biotechnology Limited owns 100% of its subsidiaries, Prana Biotechnology Inc. and Prana Biotechnology UK Ltd.

b. Key Management Personnel Remuneration
Details of key management personnel remuneration is disclosed in Note 21 to the financial statements.

c. Key Management Personnel Equity Holdings

Fully Paid Ordinary Shares of the Company	Balance July 1, 2012	Received as Remuneration	Received on Exercise of Options	Net Change Other (1)	Balance June 30, 2013
	No.	No.	No.	No.	No.
Geoffrey Kempler	17,811,000	-	-	-	17,811,000
Brian Meltzer	326,666	-	-	-	326,666
George Mihaly	226,666	-	-	-	226,666
Peter Marks	43,111	-	-	-	43,111
Lawrence Gozlan	-	-	-	-	-
Richard Revelins	20,308	-	-	-	20,308
Dianne Angus	-	-	-	-	-
	18,427,751	-	-	-	18,427,751

Fully Paid Ordinary Shares of the Company	Balance July 1, 2011	Received as Remuneration	Received on Exercise of Options	Net Change Other (1)	Balance June 30, 2012
	No.	No.	No.	No.	No.
Geoffrey Kempler	17,055,000	-	-	756,000	17,811,000
Brian Meltzer	326,666	-	-	-	326,666
George Mihaly	226,666	-	-	-	226,666
Peter Marks	43,111	-	-	-	43,111
Lawrence Gozlan (2)	-	-	-	-	-
Richard Revelins	20,308	-	-	-	20,308
Dianne Angus	100,000	-	-	(100,000)	-
	17,771,751	-	-	656,000	18,427,751

Fully Paid Ordinary Shares of the Company	Balance July 1, 2010	Received as Remuneration	Received on Exercise of Options	Net Change Other (1)	Balance June 30, 2011
	No.	No.	No.	No.	No.
Geoffrey Kempler	17,055,000	-	-	-	17,055,000
Brian Meltzer	326,666	-	-	-	326,666
George Mihaly	226,666	-	-	-	226,666
Peter Marks	43,111	-	-	-	43,111
Paul Marks (3)	8,589,361	-	-	-	8,589,361
Richard Revelins	20,308	-	-	-	20,308
Dianne Angus	250,000	-	-	(150,000)	100,000
	26,511,112	-	-	(150,000)	26,361,112

(1) Net change other refers to shares purchased or sold during the financial year.
(2) Balance at date of appointment, August 8, 2011.
(3) Balance at date of retirement, January 4, 2011.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

23. RELATED PARTY TRANSACTIONS (continued)

Share Options of the Company	Balance July 1, 2012 No.	Granted as Remuneration No.	Options Exercised No.	Options Forfeited No.	Options Expired No	Options Vested During 2013 fiscal year	Balance June 30, 2013 No.	Total Vested and Exercisable June 30, 2013 No.	Total Unvested June 30, 2013 No.
Geoffrey Kempler	-	4,000,000	-	-	-	-	4,000,000	4,000,000	-
Brian Meltzer	-	1,000,000	-	-	-	-	1,000,000	1,000,000	-
George Mihaly	-	1,000,000	-	-	-	-	1,000,000	1,000,000	-
Peter Marks	-	1,000,000	-	-	-	-	1,000,000	1,000,000	-
Lawrence Gozlan	-	1,000,000	-	-	-	-	1,000,000	1,000,000	-
Richard Revelins	-	1,000,000	-	-	-	-	1,000,000	1,000,000	-
Dianne Angus	2,052,730	-	-	-	-	-	2,052,730	1,857,893	194,837
	2,052,730	9,000,000	-	-	-	-	11,052,730	10,857,893	194,837

Share Options of the Company	Balance July 1, 2011 No.	Granted as Remuneration No.	Options Exercised No.	Options Forfeited No.	Options Expired No	Options Vested During 2012 fiscal year	Balance June 30, 2012 No.	Total Vested and Exercisable June 30, 2012 No.	Total Unvested June 30, 2012 No.
Geoffrey Kempler	-	-	-	-	-	-	-	-	-
Brian Meltzer	-	-	-	-	-	-	-	-	-
George Mihaly	-	-	-	-	-	-	-	-	-
Peter Marks	-	-	-	-	-	-	-	-	-
Lawrence Gozlan[1]	-	-	-	-	-	-	-	-	-
Richard Revelins	-	-	-	-	-	-	-	-	-
Dianne Angus	1,737,093	315,637	-	-	-	-	2,052,730	1,857,893	194,837
	1,737,093	315,637	-	-	-	-	2,052,730	1,857,893	194,837

Share Options of the Company	Balance July 1, 2010 No.	Granted as Remuneration No.	Options Exercised No.	Options Forfeited No.	Options Expired No	Options Vested During 2011 fiscal year	Balance June 30, 2011 No.	Total Vested and Exercisable June 30, 2011 No.	Total Unvested June 30, 2011 No.
Geoffrey Kempler	2,000,000	-	-	-	(2,000,000)	-	-	-	-
Brian Meltzer	650,000	-	-	-	(650,000)	-	-	-	-
George Mihaly	650,000	-	-	-	(650,000)	-	-	-	-
Peter Marks	650,000	-	-	-	(650,000)	-	-	-	-
Paul Marks[2]	701,754	-	-	-	(701,754)	-	-	-	-
Richard Revelins	350,000	-	-	-	(350,000)	-	-	-	-
Dianne Angus	1,987,093	-	-	-	(250,000)	-	1,737,093	1,542,256	194,837
	6,988,847	-	-	-	(5,251,754)	-	1,737,093	1,542,256	194,837

For further information on equity entitlements under employment contracts, refer to Note 21.
[1] Balance at date of appointment, August 8, 2011.
[2] Balance at date of retirement, January 4, 2011.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

24. SEGMENT INFORMATION

The Company's activities are predominantly within Australia and cover research into Alzheimer's, Huntington's and Parkinson's diseases and other major age-related degenerative disorders.

25. FINANCIAL INSTRUMENTS

The Company's activities expose it to a variety of financial risks including market risk, credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. Risk management is carried out under policies approved by the Board of Directors and overseen by the Audit, Risk and Compliance Committee.

(a) Market Risk

(i) Foreign Currency Risk

The Company engages in international purchase transactions and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the Australian dollar. The parent entity also has exposure to foreign exchange risk in the currency cash reserves it holds to meet its foreign currency payments. The Company does not make use of derivative financial instruments to hedge foreign exchange risk.

The following financial assets and liabilities are subject to foreign currency risk, the currency of the original amounts are displayed in brackets, all the amounts in the table below are displayed in A$ at year-end spot rates:

	Consolidated Entity	
	2013	2012
	$A	$A
Cash and cash equivalents ($USD)	2,035,621	3,925,155
Cash and cash equivalents (ˆEUR)	(43)	240,986
Cash and cash equivalents (£GBP)	-	523
Trade and other payables ($USD)	(108,654)	(20,679)
Trade and other payables (£GBP)	-	(13,839)
Total exposure	1,926,924	4,132,146

The Company has conducted a sensitivity analysis of its exposure to foreign currency risk. The Company is currently exposed to the US dollar (USD), Euro (EUR) and Great British Pound (GBP). The sensitivity analysis below is conducted on a currency by currency basis using the sensitivity analysis variable, which has been based on the average annual movement in the AUD/USD, AUD/EUR and AUD/GBP exchange rates over the past 5 years based on the year-end spot rates. The variables for USD, EUR and GBP being 1%, 4% and 8% respectively. All the amounts in the table below are displayed in A$.

Based on the financial instruments held at June 30, 2013, had the Australian dollar weakened/strengthened by 1% against the US dollar and 4% against the EURO with all other variables held constant, the Company's post-tax profit for the year would have been A$19,075 lower/A$19,460 higher (2012: A$47,917 lower/A$49,470 higher), mainly as a result of foreign exchange gains/losses on translation of US dollar denominated financial instruments as detailed in the above table. The Company's exposure to other foreign exchange movements is not material.

25. FINANCIAL INSTRUMENTS (continued)

(ii) Interest Rate Risk

The Company has an exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities.

The Company's exposure to interest rate risk has not changed since the prior year.

At June 30, 2013, the Company had the following cash accounts:

- A$34,949 in an Australian dollar transaction account at an interest rate of 0.05% as of June 2013;
- A$4,775,852 in an Australian Business Cash High Interest account at an interest rate of 2.60% as of June 2013;
- US$1,859,015 (A$2,035,621) in U.S. checking accounts at an interest rate of 0% as of June 30, 2013;
- A$5,000,000 in a three month term deposit at a fixed interest rate of 4.45% which matures on 11 July 2013;
- A$1,500,000 in a three month term deposit at a fixed interest rate of 4.20% which matures on 08 August 2013;
- A$43,988 in a twelve month term deposit at a fixed interest rate of 4.20% which matures on 07 March 2014;
- A$200 in petty cash which does not earn any interest; and
- US$174 (A$191) in petty cash which does not earn any interest.

25. FINANCIAL INSTRUMENTS (continued)

The weighted average interest rate is 3.07% for cash and cash equivalents and 1.18% for terms deposits over three months and apart from usual variances in general rates of interest the Company is not exposed to any significant interest rate risk.

At June 30, 2012, the Company had the following cash accounts:

- A$63,196 in an Australian dollar transaction account at an interest rate of 0.20% as of June, 2012;
- A$1,406,099 in an Australian Business Cash High Interest account at an interest rate of 3.50% as of June 2012;
- US$3,986,260 (A$3,923,676) in U.S. checking accounts at an interest rate of 0% as of June 30, 2012;
- EUR$194,562 (A$240,887) in a EUR checking account at a variable interest rate of 0% as of June 30, 2012;
- A$37,837 in a six month term deposit at a fixed interest rate of 4.00% which matures on 11 August 2012;
- A$200 in petty cash which does not earn any interest;
- GBP$340 (A$523) in petty cash which does not earn any interest;
- SEK$970 (A$136) in petty cash which does not earn any interest;
- INR$9,930 (A$174) in petty cash which does not earn any interest;
- US$1,503 (A$1,479) in petty cash which does not earn any interest; and
- EUR$80 (A$99) in petty cash which does not earn any interest.

The weighted average interest rate is 0.88% for cash and cash equivalents and 1.42% for terms deposits over three months and apart from usual variances in general rates of interest the Company is not exposed to any significant interest rate risk.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

25. FINANCIAL INSTRUMENTS (continued)

Receivables and payables are non-interest bearing.

The Company's exposure to interest rates and the effective weighted average interest rate for classes of financial assets and liabilities is set out below:

June 30, 2013	Floating Interest Rate	Fixed Interest Maturing in		Non-Interest bearing	Total	Average Interest Rate
		1 year or less	1-5 years			
Financial Assets						
Cash and cash equivalents	A$ 13,346,369	-	-	A$ 391	A$ 13,346,760	3.07%
Trade and other receivables	-	-	-	A$ 3,523,938	A$ 3,523,938	
Other current assets	-	A$ 43,988	-	A$ 112,242	A$ 156,230	1.18%
Total Financial Assets	A$ 13,346,369	A$ 43,988	-	A$ 3,636,571	A$ 17,026,928	
Financial Liabilities						
Payables	-	-	-	A$ 1,775,666	A$ 1,775,666	
Other financial liabilities	-	-	A$ 802,641	A$ 68,160	A$ 870,801	1.05%
Total Financial Liabilities	-	-	A$ 802,641	A$ 1,843,826	A$ 2,646,467	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

25. FINANCIAL INSTRUMENTS (continued)

June 30, 2012	Floating Interest Rate	Fixed Interest Maturing in		Non-Interest bearing	Total	Average Interest Rate
		1 year or less	1-5 years			
Financial Assets						
Cash and cash equivalents	A$ 5,633,858	-	-	A$ 2,611	A$ 5,636,469	0.88%
Trade and other receivables	-	-	-	A$ 1,550,836	A$ 1,550,836	
Other current assets	-	A$ 37,837	-	A$ 68,675	A$ 106,512	1.42%
Total Financial Assets	A$ 5,633,858	A$ 37,837	-	A$ 1,622,122	A$ 7,293,817	
Financial Liabilities						
Payables	-	-	-	A$ 961,954	A$ 961,954	
Other financial liabilities	-	-	A$ 299,012	A$ 36,891	A$ 335,903	0.83%
Total Financial Liabilities	-	-	A$ 299,012	A$ 998,845	A$ 1,297,857	

25. FINANCIAL INSTRUMENTS (continued)

(b) Credit Risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has no significant concentration of credit risk and it is not the Company's policy to hedge credit risk.

The Company ensures that surplus cash is invested with financial institutions of appropriate credit worthiness and limits the amount of credit exposure to any one counter party.

There has been no significant change in the Company's exposure to credit risk since the previous year. The carrying amount of the Company's financial assets represent the maximum credit exposure.

(c) Liquidity Risk
Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Company manages liquidity risk by maintaining sufficient bank balances to fund its operations and the availability of funding through committed credit facilities.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – in Australian dollars (unless otherwise noted)

Maturities of Financial Liabilities

2013	Less than 6 months	6-12 months	Greater than 12 months and less than 5 years	Total contracted cash flows	Carrying amounts
		Consolidated Entity			
Trade and other payables	1,775,666	-	-	1,775,666	1,775,666
ADDF Convertible Promissory Note	-	819,479	-	819,479	819,479
Total	1,775,666	819,479	-	2,595,145	2,595,145
2012					
		Consolidated Entity			
Trade and other payables	961,954	-	-	961,954	961,954
ADDF Convertible Promissory Note	-	-	299,012	299,012	299,012
Total	961,954	-	299,012	1,260,966	1,260,966

(d) Capital Risk Management
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value. In order to maintain or achieve an optimal capital structure, the Company may issue new shares or reduce its capital, subject to the provisions of the Company's constitution. The capital structure of the Company consists of equity attributed to equity holders of the Company, comprising contributed equity, reserves and accumulated losses disclosed in Notes 13, 14 and 15. By monitoring undiscounted cash flow forecasts and actual cash flows provided to the Board by the Company's Management the Board monitors the need to raise additional equity from the equity markets.

(e) Fair Value Estimation
The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

26. ADDITIONAL COMPANY INFORMATION

Prana Biotechnology Limited is a listed public company, incorporated and operating in Australia.

Registered Office
Suite 2
1233 High Street
Armadale Vic 3143
Australia
Tel: +61 (03) 9824 8166

Principal Place of Business
Level 2
369 Royal Parade
Parkville Vic 3052
Australia
Tel: +61 (03) 9349 4906

SIGNATURES

The Registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this report on its behalf.

Prana Biotechnology Limited

By: /s/ Geoffrey P. Kempler
Geoffrey P. Kempler
Chief Executive Officer

October 22, 2013

Exhibit 4.9

FIFTH RESEARCH FUNDING AND INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

BETWEEN

UNIVERSITY OF MELBOURNE

AND

PRANA BIOTECHNOLOGY LTD (ABN 37 080 699 065)

This Fifth Research Funding and Intellectual Property Assignment Agreement, dated this 1st day of December 2012 is made:

BETWEEN

THE UNIVERSITY OF MELBOURNE [ABN 84 002 705 224] of Parkville, Victoria 3010, a body politic and corporate pursuant to the provisions of the *University of Melbourne Act 2009* (Vic) **(University)**

AND:

PRANA BIOTECHNOLOGY LTD (ABN 37 080 699 065) having its principal office at Level 1, 100 Dorcas Street, South Melbourne, Victoria 3205 **(Prana)**

RECITALS:

A. Prana and the University are parties to an undated Research Funding and Intellectual Property Assignment Agreement, entered into on or about 1 December 2000 as amended from time to time, which expired on 1 December 2003 **(First Research Agreement) (Schedule B)**.

B. Prana and the University are also parties to an undated Second Research Funding and Intellectual Property Assignment Agreement entered into on or about 1 October 2004, which expired on 1 December 2006.

C. Prana and the University are also parties to the Third Research Funding and Intellectual Property Assignment Agreement dated 29 June 2007, which expired on 1 December 2009.

D. Prana and the University are also parties to the Fourth Research Funding and intellectual Property Assignment Agreement dated 1 December 2009, which expired on 1 December 2012.

E. Since the expiration of the Fourth Research Agreement, the parties have continued to conduct projects and work together in accordance with the terms and conditions of the Fourth Research Agreement as if it continued to have full force and effect.

F. The Parties now wish to enter into this Agreement which is deemed to have come into effect on and from the date of expiration of the Fourth Research Agreement until 31 December 2013.

G. The Parties wish to acknowledge that the University will continue to subcontract the Research Project to the Mental Health Research Institute of Victoria (MHRI) pursuant to the contract between the University and MHRI dated on or around the execution date of this Agreement. The term of the Subcontract is effective for the term of the Research Agreement.

NOW IT IS AGREED:

1. DEFINITIONS & INTERPRETATION.

Unless otherwise specified in this Agreement, all defined terms used in this Agreement shall have the same meaning as given to those terms in the First Research Agreement.

2. INCORPORATION OF TERMS AND CONDITIONS OF THE RESEARCH AGREEMENT

The parties agree that clause 19.3 of the Research Agreement shall be deleted and substituted with:

a) Prana may terminate this First Research Agreement without clause by giving one month written notice to the University and such notice shall be effective one month from the date of receipt of the written notice by the University; and
b) This clause 19 will survice expiration of earlier termination of this Agreement.

The terms and conditions of the First Research Agreement are incorporated into this Agreement, save and except for any terms and conditions specifically amended, replaced or supplemented by this Agreement.

3. AMENDMENT OF SCHEDULE

The Parties agree that the Schedule to First Research Agreement shall be amended as provided by Schedule A of this Agreement.

4. EFFECTIVE DATE OF THIS AGREEMENT AND EARLY EXPIRATION

This Agreement shall be deemed to have come into effect on and from the date of expiration of the First Research Agreement and shall remain in effect until 31 December 2013, unless the parties agree in writing to an earlier expiration date or termination occurs in accordance with clause 19 of the First Research Agreement.

SIGNED for and on behalf of **THE UNIVERSITY OF MELBOURNE)**

Authorised Officer

Dr David Cookson
Executive Director, Research
The University of Melbourne

In the presence of:)

Witness signature
Sue Lynn Tan
Name (printed)

SIGNED for and on behalf of **PRANA BIOTECHNOLOGY LTD**

Authorised Officer

Dianne Angus
C.O.O.

In the presence of:)

Witness signature
Ashley Turner
Name (printed)

SCHEDULE A

1. **PROPOSED RESEARCH PROGRAM**
2. **STAFF/PROJECTS/BUDGET ESTIMATES**

Research Program Principal Investigator A/Prof Robert Cherny

The program comprises two components:

- Basic research into mechanisms of drug action
- The development and performance of assays for drug screening.

Project 1 . Budget 195K
Project Leader: A/Prof Kevin Barnham
Title: Structure, function and neuroprotective behaviour of MPACs

General AIM:
Investigate the mechanism (s) by which MPACs protect neurons from amyloidogenic, excitotoxic and/or oxidative damage. In particular to investigate the pathways by which PBT2 and other MPACs inhibit the toxicity of Aβ oligomers

Part A. Basic Research

1. Glutamate excitotoxicity - by what mechanism do MPACs inhibit the toxicity of glutamate and Aβ? Are the protective mechanisms discrete or work via a common pathway? eg clacium flux
2. Mapping of intracellular pathways: How does PBT2 deliver metals to the protein kinase pathways to achieve beneficial effects? eg Does the complex enter the cell or is the metal released at the plasma membrane? Are the metals transported via the normal metal chaperones or a novel pathway? What are the pharmacodynamics of drug:metal:complex?
3. Do MPACs directly target oxidative stress pathways? Devise an appropriate *in vitro* assay for oxidative stress to establish whether this putative mechanism is therapeutically relevant.

Part B: Assay development

1. Cell-based assay for oxidative stress
2. PAMPA assay for in vitro blood-brain barrier permeability
3. Inhibition of glutamate excitotoxicity

Project 2: Project Leaders: A/Prof Paul Adlard, A/Prof David Finkelstein
Budget: 350K
Title: Mechanism of MPAC neuroprotection

General AIM:
Do MPACs protect neurons from damage across a range of; neurodegenerative conditions, age- related cognitive impairment and traumatic injury via a common mechanism? Is delivery of metals most relevant and if so, what are the cellular targets.

Part A: Basic Research

1. Is the ability of MPACs to improve neuronal function due to normalisation of zinc levels? Behavioural (MWM) biochemical (Neuronal markers) and electrophysiological (LTP) outcomes will be used to assess the effects of PBT2 and other MPACs under conditions of zinc deprivation and repletion.
2 *In vivo* brain microdialysis will be employed in various animal models of neuronal loss including AD, tauopathy, traumatic brain injury, multiple system atrophy and age related cognitive impairment to analyse acute changes in the local microenvironment in response to MPAC administration. Readouts/outcomes: Measure MMPs, NEP, IDE, Aβ and metals in dialysate
3. PBT2 prevents toxicity in a C.elegans model of Aβ aggregation. Is the mechanism of action of MPACs in this model also dependent on metal interactions?
4. Model the influx and efflux of metals within a single synapse using microfluidic chamber technology
5. Can we distinguish between neuroprotection and neurorestoration? For instance is there evidence for neurogenesis or stem cell activation?
6. Inflammation accompanies tissue injury and has been implicated as a key component of the neurodegenerative cascade in AD. Is there evidence that elements of the inflammatory pathways in the brain are affected by MPACs?
7. Is the mechanism of action of MPACs relevant to neuronal damage other than neurodegeneration eg traumatic brain injury?

Part B: assay development and drug screening

1. H_2O_2 assay
2. Ionophore assay
3. in vitro evidence of biological activity eg GSK3β phosphorylation, This assay will employ duplicate cells from the ionophore assay. Currently Western based but a commercially available kit will be tested as a higher throughput alternative eg Millipore STAR ELisa kit
4. C. elegans model for dopaminergic neuron toxicity (6-OHDA or MPP+) to be developed as a drug screen.
4. Adapt the C. elegans model of Aβ as a screening tool for MPACs. Protein aggregation, amyloidosis and toxicity assessments.
5. α- synuclein THT (dis)aggregation assay (under development)
6. LTP using multi electrode array apparatus.
7. Oxidative stress modeling

3. FUNDING FOR PERIOD 2 DECEMBER 2012 - 31 DECEMBER 2013:

All figures are exclusive GST:

Research Project Title.	**Budget Period. 2 Dec 2012 – 31 Dec 2013**				
	2 December 2012 – 28 February 2013	**1 March 2013 – 31 May 2013**	**1 June 2013 – 31 August 2013**	**1 September 2013 – 31 December 2013**	**Sub–Totals**
Project 1. **'Structure, function and Neuroprotective behaviour of MPACs'** (Project leader K. Barnham). *Project is Sub contracted to MHRI and all funds to be forwarded to MHRI.*	**$30,000**	**$30,000**	**$48,750**	**$65,000**	**$173,750**
Project 2. **'Role of Metals in disease and mechanisms underlying age related cognitive impairment'** (Project Leader R. Cherny). *Project is Sub contracted to MHRI and all funds to be forwarded to MHRI.*	**$67,500**	**$67,500**	**$87,500**	**$116,667**	**$339,167**
Sub-Total	**97,500**	**$97,500**	**$136,250**	**$181,667**	
TOTAL					**$512,917**

4. UNIVERSITY REPRESENTATIVES

A representative nominated by the University from time to time.

5. PRANA REPRESENTATIVES

Ms Dianne Angus, Prana and a representative nominated by Prana from time to time.

SCHEDULE B

UNIVERSITY OF MELBOURNE

AND

PRANA BIOTECHNOLOGY LTD (ABN 37 080 699 065)

RESEARCH FUNDING AND INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

Melbourne Office
509 St Kilda Road Melbourne
VIC 3004 Australia
GPO Box 1285K Melbourne
VIC 3001 Australia

Telephone +61 3 9243 8340
Facsimile +61 3 9243 8370
Facsimile +61 3 9243 8334
DX 32719 St Kilda Road
ghmelb@griffithhack.com.au
www.griffithhack.com.au

CONTENTS

RESEARCH FUNDING AND INTELLECTUAL PROPERTY

ASSIGNMENT AGREEMENT

THIS AGREEMENT is made on the FIRST day of DECEMBER 2000

BETWEEN

THE UNIVERSITY OF MELBOURNE a body politic and corporate established pursuant to the University of Melbourne Act 1958 of Grattan Street, Parkville, Vic, 3010 (the "University")

AND

PRANA BIOTECHNOLOGY LTD (ABN 37 080 699 065) having its principal office at Level 1, 100 Dorcas Street, South Melbourne, Victoria, 3205 ("Prana")

RECITALS:

A. Prana and the University are parties to a Patent Assignment Agreement dated 7 May 1999 **('Assignment Agreement')** pursuant to which the University assigned to Prana certain patents and Prana agreed to make certain payments to the University.

B. Prana now wishes to make further financial contributions to the University to carry out the Research.

C. The Parties have agreed that these financial contributions will be provided and regulated, and the Intellectual Property Rights relating to the Research dealt with, on the terms and conditions contained in this Agreement.

D. The Parties have also agreed that this Agreement will replace certain provisions of the Assignment Agreement.

NOW IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions**

In this Agreement the terms in the Schedule and below will apply, except where the context otherwise requires:

"Academic Staff" has the meaning defined in section 14.1.1 of the Statute.

"Account" means the account to be established by the University in accordance with clause 3.5;

"Affiliate" means in relation to an entity, any Related Corporation or any person or entity which directly or indirectly controls, is controlled by or is under common control with that entity. Control means the possession (whether directly or indirectly) of the power to direct or cause direction of the management and policies of an entity through the ownership or voting securities or other interests, contracts, rights or otherwise.

"Agreement" means this agreement and the Schedule and any amendment thereto agreed to in writing by the Parties in accordance with clause 22.4;

"Assignment Agreement" means the Patent Assignment Agreement dated 7 May 1999 between the University and Prana.

"Assigned IP' means the patents set out in Schedule 1 to the Assignment Agreement and the inventions disclosed by those patents.

"Budget" means the budget for each year's Research Plan determined by the Management Committee in accordance with clause 8;

"Confidential Information" means all know-how, financial information and other information in whatever form, including unpatented inventions, trade secrets, documents, formulae, graphs, drawings, designs, biological materials, samples, devices, models and other materials of whatever description, which a Party claims is confidential to itself and includes all other such information that may be in the possession of a Party's employees or management. The following are exceptions to such information:

(a) information which is already in the public domain;

(b) information which hereafter becomes part of the public domain otherwise than as a result of an unauthorised disclosure by the recipient Party or its representatives;

(c) information which is or becomes available to the recipient Party from a third party lawfully in possession of such information and who has the lawful power to disclose such information to the recipient Party on a non-confidential basis;

(d) information which is rightfully known by the recipient Party (as shown by its written record) prior to the date of disclosure to it hereunder; or

(e) information which is independently developed by an employee of the recipient Party who has no knowledge of the disclosure under this Agreement;

"Effective Date" means the date this Agreement is made;

"Exploit" in relation to Technology, includes:

(a) where the Technology is a product, to make, hire, sell or otherwise dispose of that product, offer to make, sell, hire or otherwise dispose of it, use or import it, or keep it for the purpose of doing any of those things; or

(b) where the Technology is know-how, a method or process, to use that know-how, method or process or do any act mentioned in paragraph (a) in respect of a product resulting from such use.

and **"Exploitation"** will be similarly construed;

"Final Report" means the report prepared by the University upon completion of the Research Plan in accordance with clause 10.3;

"Funds" means the funds described in the Schedule or as may be agreed in writing from time to time by the parties;

"Intellectual Property Rights" means statutory and other proprietary rights in respect of trademarks, patents, circuit layouts, copyrights, confidential information, know-how and all other rights with respect to intellectual property as defined in Article 2 of the Convention Establishing the World Intellectual Property Organisation of July 1967;

"Interim Reports" means the quarterly progress reports prepared by the University in accordance with clause 10;

"Management Committee" means the management committee to be established in accordance with clause 4;

"Minimum Performance Levels" means the minimum performance levels identified in the Schedule.

"Net Invoice Price" means the gross invoice price payable in respect of any Exploitation of a Product less any bona fide and separately itemised amounts included therein for packing, freight, transit insurance, trade, quantity or cash discounts or rebates actually allowed or taken, and government taxes and charges.

"Parties" means the parties to this Agreement and **"Party"** means any one of them;

"Prana Background Technology" means inventions, technology, know-how and Confidential Information belonging to Prana prior to 7 May 1999 or acquired or created by Prana independently of this Agreement and which is relevant or necessary to the performance of the Research and which is identified in the Schedule;

"Product" means any product, article, thing or service that utilises or incorporates any of the Technology or which is produced using or by reference to any of the Technology.;

"Project Manager" means the manager of the Research identified in the Schedule;

"Project Technology" means all know-how, discoveries, inventions, improvements and innovations, whether or not patentable, which is/are created by either or both of the Parties during the course of and as a result of carrying out the Research;

"Registration Costs" means fees, costs and expenses (including patent attorney and legal fees and expenses and associated GST) incurred in the obtaining of grants of patents or other forms of registered Intellectual Property Rights protection and maintaining the same in any territory and includes all expenses incurred in making any amendments required to complete specifications and dealing with any opposition to any application for such registrations;

"Related Corporation" means a body corporate which is a related body corporate within the meaning of the Corporations Law of Australia

"Representative" means a person identified in the Schedule appointed to the Management Committee as a representative of a Party on the Management Committee;

"Research" means the research undertaken from 7 May 1999 or to be undertaken by the Parties under this Agreement and which is identified in the Schedule or which is agreed from time to time by the Parties and identified in a further schedule(s) to this Agreement;

"Research Plan" means the plan for the conduct of the Research to be determined by the Management Committee in accordance with clause 8.1 ;

"Research Projects" means projects forming part of the Research as identified in the Research Plan.

"Schedule" means the executed Schedule attached to this Agreement;

"Statute" means the University's Statute 14.1 - Intellectual Property.

"Technology" means the Assigned IP and/or the Project Technology and any part of them;

"Term" means the term of this Agreement described in clause 2; and

"University Background Technology" means the Confidential Information, inventions, discoveries and know-how, expertise, knowledge, skills, techniques, methods, procedures, ideas, concepts and experience identified in the Schedule which were developed, or invented by the University prior to 7 May 1999, which is reasonably necessary for the performance of the Research and which the University is free to disclose to Prana without being in breach of any obligations to any third party.

1.2 In this Agreement, except where the context indicates to the contrary:

(a) the expression "person" includes an individual, a body corporate, a joint venture, a trust, an agency or other body;

(b) words importing the singular will include the plural (and vice versa) and words denoting a given gender will include all other genders;

(c) headings are for convenience only and will not affect interpretation of this Agreement;

(d) all monetary amounts will be deemed to be in Australian currency; and

(e) references to any legislation or to any provision of any legislation will include any modification or re-enactment of such legislation or any legislative provision substituted for and all legislation and statutory instruments issued under such legislation.

2. TERM

2.1 This Agreement will begin on the Effective Date and will continue for the period during which any Intellectual Property Rights subsist in the Technology in any jurisdiction.

2.2 The Research began on 7 May 1999 and will continue for a period of three (3) years from the Effective Date unless terminated earlier pursuant to clause 19 or extended by agreement of the Parties.

2.3 The Parties agree that clauses 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 7, 10, 12 and 13 of the Assignment Agreement are replaced by this Agreement.

3. FUNDS

3.1 Prana will pay the University the Funds as specified in the Schedule.

3.2 The University will apply the Funds solely to the carrying out of the Research in accordance with the Research Plans to be developed by the Management Committee.

3.3 Without limiting the operation of clause 3.2, Funds can only be applied towards Research carried out at the University, or by University Academic Staff, or a University affiliated staff member.

3.4 The Parties will ensure that:

(a) proper accounting standards and controls are exercised in respect of the Funds; and

(b) income and expenditure in relation to the Research are recorded separately from other transactions of the Parties.

3.5 The University will establish an Account for the purposes of the Research.

3.6 The University will ensure that:

(a) any moneys forming part of the Funds are deposited in the Account;

(b) all drawings on the Account during the Term are applied solely to the carrying out of the Research and not for any other purpose; and

(c) any interest on the balance of the Account is credited to the Account.

4. MANAGEMENT AND ADMINISTRATION

This Agreement and the Research shall be administered by the Project Manager and the Management Committee as set out in this Agreement.

5. MANAGEMENT COMMITTEE

5.1 (a) No later than fourteen (14) days after the Effective Date the Parties will establish the Management Committee, which will be comprised of:

(i) two (2) Representatives nominated by the University; and

(ii) two (2) Representatives nominated by Prana,

such Representatives being identified in the Schedule;

(b) The Project Manager must be nominated by his or her employing Party to be one of that Party's Representatives on the Management Committee.

5.2 Each member of the Management Committee (including the Project Manager) may delegate his/her powers and responsibilities as a member of the Management Committee to another person provided they provide the other Party with reasonable written prior notice.

5.3 Meetings of the Management Committee will be chaired by the Project Manager (or the Project Manager's delegate).

5.4 The quorum for a meeting of the Management Committee is all four (4) members (or their delegates) and the quorum must be present at all times during the meeting. If a quorum is not present at a meeting of the Management Committee within thirty (30) minutes after the scheduled time for the meeting, the members of the Management Committee who are present at the meeting will agree upon a date, time and place to which the meeting is adjourned.

5.5 All decisions of the Management Committee must be resolved by unanimous agreement of all members (or their delegates) of the Management Committee. All members (or their delegates) of the Management Committee will have equal voting powers at meetings of the Management Committee.

5.6 Decisions of the Management Committee on any matter shall be by way of resolution and shall be recorded in minutes of Management Committee meetings or by correspondence signed by all members (or their delegates) to be kept by the Project Manager.

5.7 Each Party will bear its own costs in respect of its participation on the Management Committee.

6. MANAGEMENT COMMITTEE RESPONSIBILITIES

6.1 The Management Committee's responsibilities will be as follows:

(a) to meet and determine the Research Plan for the following year;

(b) to monitor the progress of Research undertaken by the University;

(c) to determine the Budget for each year in accordance with this Agreement;

(d) to make and implement management decisions relating to the conduct of the Research, provided that such decisions are consistent with this Agreement and the Research Plan;

(e) to discuss the Interim Reports and progress of the Research in general; and

(f) to define and agree upon proposed modifications of or extensions to the Research, provided however that the Research will only be amended if each Party has approved such amendment.

7. PROJECT MANAGER

7.1 The Parties hereby appoint as Project Manager the person identified as such in the Schedule.

7.2 The Project Manager will:

(a) be responsible for the day to day management of the Research;

(b) ensure that the Research is carried out in accordance with the Research Plan and within the Budget; and

(c) report to the Management Committee as and when required by this Agreement and at other times as requested by the Management Committee.

7.3 The Project Manager may be replaced at any time by the mutual agreement of the Parties.

8. RESEARCH PLAN FOR EACH YEAR

8.1 By each anniversary of the Effective Date prior to the relevant year, the Management Committee will draft and finalise for that year the Research Plan and Budget for that year, including:

(a) a list of all Research Projects; and

(b) details of each Research Project to be conducted by the University during the relevant year, including:

(i) the proposed quarterly allocation of funding for the Research Project for that year;

(ii) the title of the Research Project;

(iii) identification and contact details of the project leader;

(iv) the objective of the Research Project;

(v) the method of conducting the Research Project;

(vi) the staff to perform the Research Project; and

(vii) a timeline and milestones (including a description of any outputs such as reports and presentations) for the conduct of the Research Project.

9. CONDUCT OF RESEARCH

9.1 The University will ensure that the Research is carried out in a diligent and competent fashion, consistent with generally accepted professional, scientific and ethical standards of conduct.

9.2 The Research Plan may not be varied except with the unanimous agreement in writing of all the Parties.

10. REPORTING

10.1 The Project Manager will submit to the Management Committee within fourteen (14) days of the end of each quarter of each calendar year during the Term of this Agreement an Interim Report detailing the University's progress against the milestones for each Research Project specified in the Research Plan for that year.

10.2 Each Interim Report will summarise the work completed on the Research Plan up to the date of such Interim Report, the work anticipated over the next reporting period, and will identify problems which may cause or are causing a deviation from the Research Plan and the steps, if any, being taken or proposed to be taken to alleviate such problems.

10.3 Within sixty (60) days of the completion of the Research Plan, the University will provide the Management Committee with the Final Report describing the results of the Research Plan, including activities undertaken, difficulties encountered and achievements made (including any Project Technology).

11. RIGHTS TO PROJECT TECHNOLOGY

Background Technology

11.1 Subject to this clause 11, all rights (including Intellectual Property Rights) to the University Background Technology will remain vested solely in the University.

11.2 Subject to this clause 11, all rights (including Intellectual Property Rights) to Prana Background Technology will remain vested solely in Prana.

11.3 Prana hereby grants the University a royalty free, non-exclusive right to use Prana Background Technology and Project Technology to the extent that it is necessary for the carrying out of the Research and for internal teaching and research.

11.4 The University hereby grants Prana a royalty free, non-exclusive right to use the University Background Technology to the extent that it is necessary for the carrying out of the Research.

Project Technology

11.6 The Parties agree that ownership of the Project Technology and all Intellectual Property Rights subsisting therein will vest exclusively in Prana. Prana will decide which of the Project Technology will be:

(a) retained as Confidential Information; or

(b) included in any patent application or other application for registered Intellectual Property Rights protection.

11.7 Upon determination by Prana that the Project Technology will be included in any patent application or other application for registered Intellectual Property Rights protection, such application will be made by Prana in its name and the University will render all assistance that Prana may reasonably require in the prosecution of that application.

11.8 Applications for registration pursuant to clause 11.7 and the maintenance of subsequent registrations (as the case may be) will be the responsibility of Prana. Registration Costs will be met by Prana. If Prana fails to meet Registration Costs in respect of any application, the rights granted to it under this clause 11 will lapse and the University will at its option be entitled to continue to meet such Registration Costs, in which case all Intellectual Property Rights in the subject matter of those applications and subsequent registrations (as the case may be) are assigned (by way of assignment of future Intellectual Property Rights) to the University, and Prana will have no rights in respect of the same.

11.9 The University undertakes to notify the terms of this Agreement as they relate to ownership of, and rights to, the Project Technology and the Intellectual Property Rights subsisting therein, to all Academic Staff and students conducting Research under this Agreement.

11.10 Prana grants to the University a non-exclusive royalty free, worldwide, perpetual and irrevocable licence to Exploit the Technology for the duration of the period in which Intellectual Property Rights subsist in the Technology, either itself or with other academic institutions provided only that such Exploitation is restricted to the University's educational purposes in delivering education programs, including, without limitation, the University's research, teaching and scholastic endeavours.

12. ROYALTIES

12.1 Prana shall pay to the University the following amounts:

(a) royalties calculated at 1.5% of the Net Invoice Price of all Products sold by or on behalf of Prana or any agent, contractor or Affiliate of Prana; or

(b) the lesser of:

(i) 1.5% (subject to any reduction under clause 12.3) of the Net Invoice Price of Products sold by or on behalf of; or

(ii) 10% of the gross revenues (including royalties and any other payments) relating to Exploitation of Project Technology receivable from,

any licensee or assignee of the Technology or the Products or any agent, contractor or Affiliate of that licensee or assignee or from a third party as a result of a transaction which results in that party obtaining access for any purpose to all or part of the Technology. Where the amount in paragraph (i) is zero, the amount in paragraph (ii) must be paid to the University.

12.2 The amounts payable in clause 12.1(a) and (b) must be paid each six months, within two months following the end of each December and June. All payments must be accompanied by a statement setting out the manner in which the payment has been calculated which includes for Prana and each licensee or assignee of Prana:

(a) the subject matter to which the payment relates;

(b) the number of Products sold, the gross revenues received or the nature of the rights granted in relation to the Technology and the identity of the licensee and/or assignee as the case may be;

(c) the gross amounts payable in relation to the sale or sales in (b) by the purchaser, licensee, sublicensee, and/or assignee;

(d) the nature and amount of deductions made from the gross amount in (c); and

(e) such other information as the University may reasonably require from time to time.

All payments must be paid in Australian currency and without any deduction, demand, set off, counterclaim, withholding tax or any bank or government charges or duties and must be paid in the manner reasonably required by the University from time to time. Prana must on demand by the University, pay the University interest at the rate of 2% higher than the average weighted yield of 13 week Australian Treasury Notes in relation to any amount that is payable and remains unpaid under this agreement. This obligation, and the University's corresponding right is without prejudice to any other rights and remedies that the University under this agreement or at law.

12.3 Where the exploitation of any Product which attracts a payment pursuant to the preceding provisions of this clause 12, (other than clause 12.1(b)(ii)) also attracts a genuine good faith obligation to pay a royalty or percentage of such payment to any third party (which is not an agent, contractor or Affiliate of Prana), then the percentage of the payment required to be paid by Prana to the University will be varied in accordance with the following provision.

$$Rnew = \frac{1.5\%}{Rtotal} \times 1.5\%$$

Where:

Rnew is the new rate at which payment is to be made.

Rtotal is the total of the royalty rates payable in respect of the Product, or other payments to third party non-affiliates, including the percentage payment nominally due to the University.

Provided that Rnew cannot be less than 0.5%

12.4 Where Exploitation of the Technology (including Exploitation of a Product) is not undertaken at arm's length, the price or value of the Exploitation (including the price of a Product) for the purposes of calculation of payments under clause 12.1 will be deemed to be the amount which would have been payable had the transaction been negotiated in good faith between the parties at arm's length.

12.5 Prana must keep true and accurate records of all matters connected with the Exploitation of the Technology and must also keep proper books of account relating to the calculation of payments to the University under this Agreement. On the University's written request, Prana must produce these records and books of account, certified as correct by Prana's auditors, and must permit those records and books to be examined by or on behalf of the University. The University may conduct such an examination up to once each calendar year and will do so at its own cost, unless the examination identifies a deviation equal to or greater than 10% in the amounts identified as payable to the University, in which case the costs are to be paid by Prana.

12.6 Prana must at all time use its best endeavours to Exploit the Technology in such a way that maximises the payments to be made to the University pursuant to this agreement. Prana must provide to the University such information as the University may reasonably request concerning Prana's plans for, and efforts in, exploiting the Assigned IP and Project Technology. Prana must not engage in any activity that conflicts with its obligation under this clause.

12.7 In determining whether Prana has used its best endeavours regard will be had to the achievements or failure of Prana to meet the Minimum Performance Levels.

12.8 If Prana's payments under clause 12.1 do not meet or exceed the Minimum Performance Levels, Prana must pay to the University the difference between the Minimum Performance Levels and the amounts actually paid.

13. CONFIDENTIALITY

13.1 Each Party will treat the terms of this Agreement and all Confidential Information of the other Party as confidential and will not, without the prior written consent of the other Party, disclose or permit the same to be disclosed to any third person.

13.2 It will be the responsibility of a Party to ensure that its employees, officers and agents comply with the obligations of confidentiality imposed upon it by this clause 13 as if personally bound by such obligations.

13.3 Each Party's obligations under this clause 13 will survive termination of this Agreement and endure until the Confidential Information disclosed to it lawfully becomes part of the public domain.

14. PUBLICATIONS AND MARKINGS

14.1 Prana must not use the name or logo of the University without having obtained the University's prior written consent and the use of the University's name or logo will be subject to any conditions attaching to such consent.

14.2 Prana must not make or permit to be made any inaccurate or misleading statement concerning the University.

14.3 (a) Subject to paragraph (b), the University may not publish results of the Research, without the consent of Prana. If the University requests that Prana consent to a publication, Prana may not withhold that consent unless in its reasonable view the publication includes Confidential Information of Prana and the publication would adversely affect protection or Exploitation of the Project Technology. If the University makes such a request and receives no response from Prana within 90 days, Prana will be deemed to have consented to the proposed publication.

(b) The University may make a publication which is constituted by the presentation of a thesis by a University student, provided that appropriate steps are taken to ensure that confidentiality of information contained in the thesis is maintained, including the examiner signing an appropriate confidentiality undertaking and the placing of an appropriate access limitation on the thesis where it is required to be placed in a University library.

15. INSURANCE

15.1 Prana will:

(a) Exploit the Technology at its own risk; and

(b) maintain or cause to be maintained adequate professional indemnity, product liability and third party liability insurance in respect of Exploitation of the Technology.

15.2 Each such insurance policy will:

(a) note the University as a named insured under the policy; and

(b) include a waiver of the insurer's right of subrogation against the University;

(c) include a cross liability clause to the effect that every named insured under the policy is separately insured under the policy and can therefore operate the policy and sue any of the other named insured parties.

15.3 Prana will, upon the request of the University, produce evidence of the currency of the insurance policies referred to in this clause 15. Failure by Prana to produce such evidence of currency within thirty (30) days from the date a notice of request is served upon Prana will be treated as breach by Prana of this clause 15 and the relevant provisions of clause 19 will apply.

15.4 Prana undertakes at all times to comply with the terms of its insurance policies the subject of clause 15.1.

15.5 Prana's obligations under this clause 15 will survive expiration or earlier termination of this Agreement.

16. ACKNOWLEDGEMENT BY PRANA

16.1 Prana hereby agrees and acknowledges that:

(a) the University has not made any and hereby excludes all warranties, terms, conditions or undertakings, whether express or implied, written or oral, statutory or otherwise including any implied warranty of merchantability or of fitness for a particular purpose in respect of the Research or the Technology. To the full extent permitted by the laws of the Commonwealth of Australia or of any State or Territory of Australia having jurisdiction, any conditions or warranties imposed by such legislation are hereby excluded. In so far as liability under or pursuant to such legislation may not be excluded, such liability is limited, at the exclusive option of the University, to:

(i) the re-performance of the Research; or

(ii) the payment of the cost of having the Research performed again;

(b) without limiting the generality of clause 16.1(a) it is agreed that, to the full extent permitted by the laws of the Commonwealth of Australia and any State or Territory of Australia having jurisdiction, the University will not be liable for any special, indirect or consequential damages arising under or pursuant to this Agreement.

16.2 Without limiting the generality of clause 16.1, Prana hereby further acknowledges and agrees that:

(a) Prana will be responsible for obtaining any approvals, authorisations and accreditations necessary or desirable to enable it to use or Exploit the Technology;

(b) while the University may discuss with Prana requirements for obtaining any approvals, authorisations and accreditations necessary or desirable to enable Prana to use or Exploit the Technology, the University has not made and does not by entering into this Agreement make any representations or give any warranties regarding the suitability of the Technology for such purposes;

(c) if any Commonwealth or State taxes by duties (including stamp duty) are payable in respect of this Agreement, the payment of same will be the responsibility of Prana;

(d) the University has not made and does not by entering into this Agreement make any representations or give any warranties that this Agreement or the Research is structured so as to entitle Prana to obtain any form of taxation relief or concession under the Income Tax Assessment Act 1936 (Cth), (whether pursuant to section 73B of that Act or otherwise) or under any other Commonwealth or State legislation. Prana agrees that it will be responsible for making its own inquiries with respect to these matters;

(e) the University has not made and does not by entering into this Agreement make any representation or warranty, express or implied, that the Technology do not infringe any third party's Intellectual Property Rights.

16.3 This clause 16 will survive expiration or, where relevant, earlier termination of this Agreement.

17. INDEMNITIES AND WARRANTIES

17.1 Prana hereby releases and indemnifies and will continue to release and indemnify the University, its officers, employees and agents from and against all actions, claims, proceedings or demands (including those brought by third parties) which may be brought against it or them, whether on their own or jointly with Prana and whether at common law, in equity or pursuant to statute or otherwise, in respect of any loss, death, injury, illness or damage (whether personal or property, and whether direct or consequential, including consequential financial loss) and any infringement of copyright, patents, trade marks, designs or other Intellectual Property Rights, howsoever arising out of Prana's exercise of its rights under this Agreement or Exploitation of any Project Technology and from and against all damages, costs and expenses incurred in defending or settling any such claim, proceeding or demand; except to the extent that any such liability may arise from the negligent or fraudulent acts or omissions of the University.

17.2 Prana's obligation to indemnify the University and its officers, employees and agents set out in clause 17.1 is a continuing obligation separate and independent of Prana's other obligations and will survive expiration or where relevant, earlier termination of this Agreement.

18. INFRINGEMENT AND THIRD PARTY PROCEEDINGS

18.1 Each Party will give the other notice of:

(a) any claim or allegation that the exercise of the rights under this Agreement constitute an infringement of the rights of any third party; and

(b) any third party's infringement or threatened infringement of any of the Parties' Intellectual Property;

that it becomes aware of.

18.2 If Prana decides to commence legal proceedings, the University will, at Prana's cost, furnish to Prana all reasonably necessary assistance in relation to those proceedings.

18.3 The terms and conditions of this clause 18 will survive expiration or earlier termination of this Agreement.

19. TERMINATION

19.1 Either Party may terminate this Agreement or the Research and the rights and obligations of the Parties relating to conduct of the Research by providing the other Party with written notice on the happening of any of the following events:

(a) if the other Party commits or allows to be committed a breach of any of the material obligations under this Agreement and on its part to be performed or observed, and does not within thirty (30) days of receipt of notice in writing from the first Party make good the breach (where such breach is capable of remedy);

(b) if the other Party is the subject of winding up or liquidation proceedings, whether voluntary or compulsory, otherwise than for the purpose of and followed by, a reconstruction, amalgamation or reorganisation;

(c) if the other Party has become insolvent, bankrupt or is subject to the appointment of a mortgagee, a receiver or manager or an inspector to investigate its affairs, enters into any arrangement or composition with its creditors generally, or is unable to pay its debts as and when they become due;

(d) if execution is levied upon all or any part of the assets of the other Party, provided that no breach will take place hereunder if the execution is contested in good faith or if within seven (7) days after it is levied payment is made in full to the judgment creditor in question of all amounts owing to such judgment creditor;

such termination to be effective immediately upon receipt of the abovementioned written notice.

19.2 Termination of this Agreement:

(a) will be without prejudice to the rights of the terminating Party to sue for and recover any fees, monies, or payments then due and to the rights of the terminating Party in respect of any previous breach of any of the provisions of this Agreement; and

(b) will not relieve either Party of their respective obligations of confidentiality, insurance and indemnity contained herein; and

(c) by the University does not relieve Prana of its payment obligations under clause 12, which shall continue for the period during which any Intellectual Property Rights subsist in the Technology in any jurisdiction.

19.3 This clause 19 will survive expiration or earlier termination of this Agreement.

20. RESOLUTION OF DISPUTES

If a dispute arises between the Parties (the "Dispute"), the Parties agree to negotiate in good faith to resolve the Dispute and will refer resolution of the Dispute to their respective chief executive officers or their nominees. If the Dispute has not been resolved by negotiation within a reasonable time then either Party may refer the Dispute to mediation and will do so before initiating proceedings in a court to resolve the Dispute. A Dispute which is referred to mediation will be referred to the Australian Commercial Dispute Centre Limited ("ACDC") and be conducted in accordance with the Conciliation Rules of ACDC, and will be heard by one (1) conciliator appointed under the relevant rules in Victoria. If the Dispute has not been resolved within sixty (60) days of referral to ACDC either Party is free to initiate proceedings in a court. Nothing in this clause will prevent a Party from seeking interlocutory relief through courts of appropriate jurisdiction.

21. NOTICES

21.1 Any notice, demand or other communication required to be given or made in writing under this Agreement will be deemed duly given or made if delivered or sent by prepaid post or facsimile transmission as follows:

(a) in the case of the University:

Attention: The Deputy Vice-Chancellor Research
Address: The University of Melbourne, Grattan Street, Parkville, Victoria 3010 Australia
Facsimile: (613) 8344 5104

(b) in the case of Prana:

Attention:	Mr Geoffrey Kempler
Address:	Prana Biotechnology Ltd, Level 1, 100 Dorcas Street, Melbourne, Victoria, 3205
Facsimile:	(613) 9690 8587

21.2 Either Party may change its nominated contact person, address or facsimile transmission number for the purposes of this Agreement by giving notice of such change to the other Party within fourteen (14) days of the change.

21.3 Any notice or other communication will be deemed to have been received by the Party to which it was sent:

(a) in the case of hand delivery, upon the date of such delivery;

(b) in the case of prepaid post within Australia, on the third day next following the date of dispatch; or

(c) in the case of facsimile transmission, at the time of transmission, provided that, following the transmission, the sender receives a transmission confirmation report unless in any such case it would be deemed to have been received on a day which is not a business day, or after 5 p.m. on such a business day, in which event it will be deemed to have been received on the next such business day.

22. ANCILLARY PROVISIONS

22.1 **Governing Law**

This Agreement is governed by the laws of the State of Victoria and each party submits to the jurisdiction of the courts of that State and the courts of appeal therefrom.

22.2 **Severability**

Any illegal or invalid provision of this Agreement will be severable and all other provisions will remain in full force and effect.

22.3 **Waiver**

Any failure by a Party to compel performance by the other Party of any of the terms and conditions of this Agreement will not constitute a waiver of those terms or conditions, nor will it affect or impair the right to enforce those rights at a later time or to pursue remedies for any breach of those terms or conditions.

22.4 **Amendment and Assignment**

This Agreement may only be amended by a written instrument signed by each of the University and Prana. The University may not assign its rights under this Agreement without the prior written consent of Prana. Prana may assign its rights under this Agreement in its sole discretion upon giving the University 30 days notice of its intention to do so.

22.5 **Entire Agreement**

This Agreement contains the whole of the agreement between the University and Prana with respect to its subject matter and supersedes any and all other agreements, representations or statements by either Party whether oral or in writing and whether made prior or subsequent to the date of this Agreement. In the case of any inconsistency between this Agreement and the Assignment Agreement, the provisions of this Agreement shall prevail.

22.6 **Relationship**

Each Party enters this Agreement as an independent contractor and nothing in this Agreement will create any other relationship between them.

22.7 **Force Majeure**

Neither Party will be liable for any failure to carry out its obligations under this Agreement where such failure is due to any cause beyond the reasonable control of that Party.

22.8 **Goods and Services Tax ('GST')**

(a) If, by operation of the GST Law, any Supply under this Agreement is regarded as a taxable supply, the Supplier will be entitled to recover from the Recipient, an amount equivalent to the GST payable by the Supplier in relation to the Supply, less any decrease in the cost to the Supplier of making the Supply resulting from the abolition or variation of any taxes, duties or statutory charges in relation to the imposition of GST.

(b) If GST is payable, the Supplier will provide the Recipient with a tax invoice or a document adequate to entitle the Recipient to claim an input tax credit.

(c) In this clause:

"GST Law" means A New Tax System (Goods and Services Tax) Act 1999 and any substantially similar legislation when it is passed into law and which may operate at any time during the term of this Agreement;

"Recipient" means a person that has received a Supply;

"Supplier" means a person that has made or provided a Supply; and

"Supply" bears the meaning attributed to that term in the GST Law.

EXECUTED AS AN AGREEMENT

Signed for and on behalf of and with the authority of
The **UNIVERSITY OF MELBOURNE** by:

Signature

PROFESSOR FRANK P. LARKINS
DEPUTY VICE-CHANCELLOR (RESEARCH)
THE UNIVERSITY OF MELBOURNE

Print Name and Title

Signed for and on behalf of and with the authority of
PRANA BIOTECHNOLOGY LTD (ABN 37 080 699 065)
by:

Signature

Geoffrey Kempler
Executive Chairman

Print Name and Title

SCHEDULE

UNIVERSITY BACKGROUND TECHNOLOGY:

This consists of knowledge, skills, expertise, techniques, methods, procedures, ideas, concepts, reagents and experience in relation to:

1. Studying the Aβ amyloid in the human and animal brain

2. Evaluating the effect of Aβ on tissues, cells and in biochemical assays

3. Assays of Aβ in experimental and natural systems

4. Preparation of reagents necessary for the conduct of assays and experiments on Aβ.

5. Conduct of clinical trials in humans arising out of the Research.

PRANA BACKGROUND TECHNOLOGY:

Prana's know-how and patented technology relating to innovative methods for the prevention, treatment and diagnosis of age related and neurodegenerative diseases developed at the Harvard Medical School, the Biomolecular Research Institute and the Mental Health Research Institute.

RESEARCH:

A. Research conducted from 7 May 1999 to the Effective Date

The research includes research on Alzheimer's disease and other age-related diseases and the amelioration thereof, including the following:

(a) the discovery and development of compounds of pharmaceutical potential by virtue of their ability to inhibit the redox activity of Abeta or other aggregated proteins including hydrogen peroxide formation, metal reduction or both;

(b) the prevention of the neurotoxicity of Abeta or other aggregated proteins by inhibiting the peptide's redox activity;

(c) the elucidation of the behavior of zinc, copper, iron and other metal ions with respect to redox activity at the synapse;

(d) agents which solubilise Abeta or other aggregated proteins; and

(e) developmental work relating to discoveries on oxidatively modified Abeta-inducing di-tyrosine cross-linkage.

B. Research to be conducted during the funding period (cl. 2.2)

The research will include:

1. a continuation of the research referred to in paragraph A;2.assisting Prana's collaborators in identifying, synthesising and assessing molecules of importance to Prana's commercial aim;

2. the screening of Prana's innovative molecules obtained from various third parties in a number of in vitro models designed to demonstrate potential for efficacy;

3. the screening of such molecules with demonstrated in vitro efficacy in an in vivo transgenic mouse model for Alzheimer's disease;

4. within three years, to have one lead molecule moving through pharmacokinetic and toxicity studies using product of sufficient identity, purity, and quality to gain approval to commence Phase I clinical trials;

5. to have completed a Phase IIa clinical proof of concept trial of Prana's proprietary metal complexing agent; and

6. such other research as shall be agreed by the Parties from time to time during the Term.

FUNDS:

1. Prana will pay the University a minimum sum of $297,000 (inclusive of GST), each year for a period of 3 years from the Effective Date, to be paid in advance in quarterly instalments, or earlier at Prana's discretion.

2. The Budget for the year commencing on the Effective Date is as follows:

Project 1 In Vitro Assays of Aβ-metal interactions	
Research Assistant/Officer	
and consumables	$ 75,000
Project 2 Cellular-based assays of Aβ toxicitiy	
Research Assistant/Officer	
and consumables	$ 75,000
Project 3 In vivo models of Alzheimer's disease including transgenic animal models and human clinical trials	
Research Assistant/Nurse	
Animal husbandry	
Consumables	$ 90,000
Services and facilities charge	$ 30,000
GST at 10%	$ 27,000
TOTAL	**$ 297,000**

PROJECT MANAGER:

Professor Colin Masters, Department of Pathology, University of Melbourne

UNIVERSITY REPRESENTATIVES:

Professor Colin Masters, Department of Pathology, University of Melbourne. A representative nominated by the University from time to time. The first representative is Professor Jim McCluskey.

PRANA
REPRESENTATIVES:

Judy Bingham, Kendle Pty Limited.
Mr Geoffrey Kempler, Prana Biotechnology Ltd.

MINIMUM PERFORMANCE LEVELS
$2,000.00 per annum for the period beginning on the date an amount first becomes payable under clause 12 until the end of the term of this Agreement

Exhibit 4.15

PBT2 Capsules

Phase III Manufacturing Proposal for

Prana Biotechnology Limited

Proposal #: P-TRP-54564-R1

Patheon Inc. ("Patheon")
2100 Syntex Court
Mississauga, Ontario L5N 7K9
Canada

By: _____

Name: Rita Terzian

Title: Sr. Director, PDS

Date: April 16, 2013

Prana Biotechnology Limited ("Client")
Level 2, 269 Royal Parade
Parkville, VIC3052
Australia

By: _____

Name: Dianne Angus

Title: Chief Operating Officer

Date: 9 April, 2013

Finance Contact:

Effective Date: April 16, 2013

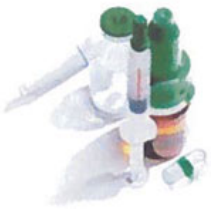
Patheon™
Performance the World Over

Confidential

APPROVED [ILLEGIBLE]

_____ 2013-04-15
Initials Date

Table of Contents



Part A: Project Overview

Prana Biotechnology Limited (Client) has approached Patheon Inc to manufacture laboratory scale optimizaztion batches for PBT2 Capsules (the "**Product**"). This will be a part of the Phase III CTM-enabling process development work for the product. As per Patheon EHS classification, toxicity category of molecule is Catagory 2. The manufacturing will be done under non-GMP conditions. The product will be subjected to stability studies.

Estimated costs for change parts are approximately $12,000 for three sets of PMA25/S1 FBD gaskets.

Upon acceptance by Client, this Proposal (including Part B: Pricing, Part C: Key Technical Assumptions and Part D: **Legal Terms and Conditions**) delete for Master PDS agreements shall represent the full Contract between the parties identified on page 1 (the "Contract"). The Term shall be from the Effective Date until completion by Patheon of these services. This Proposal is a time-limited offer, which will remain open for acceptance by Client for sixty (60) days of the issue date noted below. Following the expiry of this offer, Patheon may, at its sole option, waive the time limit or rescind this offer without further notice to Client.

Date of Confidentiality Agreement: 20 February, 2008.

Target Site – Toronto Operations

Patheon's Toronto Operations, Canada, manufactures a full range of conventional dosage forms with specialized capabilities in controlled release and high potency products and houses a fully integrated pharmaceutical development services (PDS) facility Patheon's Toronto site is a center of excellence, offering extensive commercial scale tech transfer experience. The Toronto facility covers all product life cycle phases from early development to commercial in the same plant, using equipment replication between non GMP and GMP. There are 4 GMP process trains scales from 10 kg to 400 kg.

The development group provides clients with access to formulation development, process development, CTM manufacturing, and scale-up services for a range of product candidate types. From pre-clinical through to scale-up and registration PDS Canada can meet your development needs, All development services are fully supported with comprehensive analytical testing, including customized lCH stability programs.

Site Regulatory History

Date of inspection	Regulatory Authority	Inspection Type
Jun-12	KFDA (Korean)	PAI
Apr-12	ANVISA (Brazil)	GMP
Oct-11	MOH (Turkey)	GMP
Jul-11	Health Canada	GMP
Feb-11	FDA (US)	PAI & GMP
Mar-10	FDA (US)	GMP
Nov-09	ANVISA (Brazil)	PAI
Sep-09	Health Canada	GMP
Nov-08	COFEPRIS (Mexico)	PAI
Aug-08	FDA (US)	PAI

Part B: Pricing

BUDGET SUMMARY

THE FOLLOWING COSTS ARE ALL QUOTED IN: **USD**

1.0 ENVIRONMENTAL HEALTH AND SAFETY

ACTIVITY	USD *PRICE*
EH&S Assessment	$ No Charge

2.0 FEASIBILITY BATCH MANUFACTURING

ACTIVITY	*MILESTONE PRICE*	USD *PRICE*
Prototype Batches		
Protocol Preparation	$ 2,216	
Manufacturing	$ 34,593	
Analytical Support	$ 35,227	
Report Writing and Data Review	$ 10,584	
		$ 82,620
Total		$ 82,620
	Material and Supply Fee:	$ 4,131

3.0 STABILITY

ACTIVITY		USD *PRICE*
Number of Lots	2	
Total Samples	20	
Protocol Generation		$ 791

Pullpoint Months	40˚C/75% RH	25°C/60% RH	*Microbiology*	*AET*	Samples per pullpoint	Cost per pullpoint (Milestone Price)
T=0			X		2	$ 1,213
T=1	X	X			4	$ 8,733
T=2	X				2	$ 8,758
T=3	X	X			4	$ 8,733
T=6	X	X			4	$ 8,733
T=9		X			2	$ 8,758
T=12		X	X		7	$ 6,071
						$ 46,690
	Total		Material and Supply Fee:			$ 2,335

BUDGET TOTAL	USD	$	129,310
Material and Supply Fee:	USD	$	6,466
GRAND TOTAL	USD	$	135,776
PROJECT INITIATION FEE	USD	$	32,328

Part C: Key Technical Assumptions

1. Environmental, Health and Safety

Active Pharmaceutical Ingredient(s) ["API"]:

- Active PBT2 Capsules
- Patheon's preliminary categorization = Category 2
- Indication: Alzheimer's disease

An Environmental, Health and Safety Assessment was previously completed under Patheon Proposal PRA-FTR1 -0401 -1206-R0. There will be no duplication of this activity.

Client is responsible for maintaining and supplying current versions of the MSDS to Patheon.

2. Feasibility Batch Manufacturing

Process Train: High Shear Granulation (PMA25) for wet granulation, Fluid Bed Drying (S2) for drying, Encapsulation (MF30) into Size 0 Swedish orange hard gelatin capsules

Patheon will manufacture:

- 4 Batches, back-to-back manufacturing and testing
- Approximately 4 kilograms per batch
- Packaged into HDPE bottles (i.e. 35's) for stability
- Non-GMP conditions & No QA review
- Testing: Blend uniformity (n=6); Potency & Related Substances; Content Uniformity (n=10); Dissolution (profile, n=6); Physical (appearance, moisture, particle size, bulk & tap densities, flow properties); Microbial Limit Testing (MLT)

3. Stability

Patheon shall design a stability program (single orientation, single container type) to monitor:

- 2 batches under ICH conditions

The following storage conditions and test-points are suggested for testing:

⇒ 1, 2, 3 and 6 months for 40°C ± 2°C / 75% ± 5% RH
⇒ 1, 3, 6, 9, and 12 months for 30°C ± 2°C / 65% ± 5% RH*
⇒ 1, 3, 6, 9 and 12 months for 25°C ± 2°C / 60% ± 5% RH

(Tested only if required due to significant changes in the next level condition)*

- Testing per sample: Potency & Related Substances; Dissolution (profile, n=6); Physical (appearance, moisture) and Microbial Limit Testing (annually)

Unless indicated otherwise in the stability protocol, the analytical data used for the release of each CTM lot manufactured at Patheon will be used as initial (T=0) data if the stability study commences not more than 1 month after release testing.

4. Standard Assumptions

1. A fixed "Material and Supply Fee" equalling 5% of the budget, excluding costs for EH&S, is included in the Budget Summary, to cover the cost of the required Patheon purchased materials and supplies, and is subject to Section 3 in the Legal Terms and Conditions.

2. Provided that there are ongoing billable activities taking place (excluding stability) Patheon will provide project management support to monitor the progress of the project against established timelines and will provide Client with updates. The project manager will coordinate with Patheon's project team and the Client and commit up to two one hour teleconference meetings per month and one quarterly Patheon site face-to-face meeting. Project Management will coordinate distribution of project documentation to Client. Typical documentation may include protocols, reports, executed batch records, Certificates of Analysis, BSE/TSE statements, summary data and analytical methods. The fee for project management is incorporated in the breakdown cost for each activity in the Budget Summary.

3. It is assumed that the API and/or formulation do not absorb/adsorb to any metal, glass or other components used during the processing and analytical testing of the batch.

4. Patheon will receive and release the API for cGMP manufacture based on the following: (i) Identification testing; and (ii) the accompanying Certificate of Analysis (COA) from the API Vendor (Client qualified) and COA from the Client. The identification of unknown impurities detected during the study is not included as part of this Proposal.

5. The Client shall provide Patheon with accurate, appropriate, sufficient and the most current applicable reference standards. For Analytical Out Of Specification (OOS) Investigations, Patheon will conduct investigations according to Patheon's Standard Operating Procedure and report findings to the Client. The costs for which will be borne by the Client should the OOS be a result of the nature of the product rather than Patheon error in processing or testing. Should the Client bear the cost, the costs of such investigation and associated analytical testing will be captured in a Change of Scope to this Proposal.

6. Prior to commercialization, Patheon will evaluate the Product and the proposed launch volume and, at the request of the Client, select the appropriate Patheon facility for commercialization.

Part D: Legal Terms and Conditions

STANDARD TERMS AND CONDITIONS FOR PHARMACEUTICAL DEVELOPMENT SERVICES
(Certain capitalized terms used herein but not defined are defined in the Project Proposal)

1. Services:

(a) Patheon agrees to perform the pharmaceutical development services described in the Project Proposal ("Services").
(b) Parties must agree on changes, deletions or additions to the Services ("Changes").
(c) Minor Changes will be confirmed by electronic mail, facsimile or other written document. Significant Changes (such as a request by the Client to change the Project Scope) will be confirmed by a Change of Scope Agreement.

2. Project Initiation Fee and Milestone Payments:

A. Project Initiation Fee: Client will pay Patheon a Project Initiation Fee of 25% of the Budget Total as set forth in the Budgel Summary of the Project Proposal (the "**Project Initiation Fee**") before the start of each project. Client will pay the Project Initiation Fee to Patheon within five days of the date of invoice. Patheon will not start the Services until the Project Initiation Fee is paid. Patheon will apply the Project Initiation Fee to the first invoices for Milestone Payments as set forth in Section 2.B below until the Project Initiation Fee is exhausted.

B. Milestone Payments:

(a) Client will pay Patheon for the Services as outlined in the Project Proposal and for any Changes which will be invoiced separately at Patheon's then prevailing hourly rates. Patheon may issue an invoice upon completion of each milestone set out in the Budget Summary of the Project Proposal. Each activity that is assigned a specific milestone price in the Budget Summary is a milestone. The Project Initiation Fee will be applied to the initial milestone payment invoices until exhausted.
(b) Each Patheon invoice will be due and payable within 30 days of the date of the invoice. Patheon will email the invoice on the date issued to the email address provided by the Client.
(c) If any portion of an invoice is disputed, Client will pay Patheon the undisputed amount and the parties will use good faith efforts to reconcile the disputed amount as soon as practicable. Interest on undisputed past due accounts will accrue at a rate of 1.5% per month.
(d) Patheon may, at its option, suspend all Services until all undisputed outstanding invoices have been paid in full.

3. Supply of API and Materials:

a) Client will, at its expense, supply Patheon with sufficient quantities of active pharmaceutical ingredient ("API") for Patheon to perform the Services. All shipments from Client to Patheon will be made DDP (Incoterms 2010) Patheon's site unless otherwise agreed. All shipments of API will be accompanied by certificate(s) of analysis from the API manufacturer including confirmatory results demonstrating that the API complies with the manufacturer's API specifications.
b) Unless otherwise agreed to by the parties, for all Pre-Clinical, Phase I, II, and III Projects, Patheon will purchase common materials and supplies required to perform the Services. Patheon will charge Client a fixed "**Material and Supply Fee**" as set forth below based upon the Product-Type and Project Phase calculated as a percentage of the Budget Total in the Project Proposal, that will cover the cost of the required Patheon purchased materials which may include analytical columns, reagents, common excipients, packaging components, receiving, raw material shipping, handling, brokerage fees, storage fees, and change parts:

Material and Supply Fee*

Product Type	Project Phase	Fee Schedule
Non-Sterile	**Pre-Clinical, Phase I, II & III**	**Fixed fee at 5% of total project budget**

*The respective fixed Material and Supply Fee will be invoiced within each milestone payment as provided in the Project Proposal.

Not Included in the Material and Supply Fee are items which are exclusive to the project such as exclusive excipients, exclusive vials and packaging components, finished product shipping in excess of $1,500, compression tooling, blister tooling, specialty laboratory columns exceeding $1,500 each, project specific change parts with individual value in excess of $1,500, and reference standards including those under the applicable United States Pharmacopoeia, the National Formulary, the British Pharmacopoeia, the European Pharmacopoeia or the Japanese Pharmacopoeia. The cost of these exclusive items necessary for Patheon to perform the Services will be billed separately and charged to Client at Patheon's cost plus an additional 15% as a handling charge. Client will be invoiced on receipt of any exclusive item.

c) The fixed Material and Supply Fee will not apply to Commercial Technology Transfers*. For these Projects, Patheon will purchase all common materials and supplies and all project specific items (such as raw materials, excipients, packaging special equipment, tooling, change parts, laboratory columns and reagents, reference standards including those under the applicable United States Pharmacopoeia, the National Formulary, the British Pharmacopoeia, the European Pharmacopoeia or the Japanese Pharmacopoeia) necessary for Patheon to perform the Services. The cost of the common materials and supplies and of the project specific items will be billed back to Client at Patheon's cost plus an additional 15% as a handling charge as set forth below:

Bill Backs

Product Type	Project Phase	Fee Schedule
Non-Sterile	Commercial Technology Transfer (Scale-up, Registration & Validation)	Bill back of actual cost plus 15% handling charge

* "Commercial Technology Transfer" means the activities, such as process, packaging and cleaning validation, and analytical methods transfer, required to support the transfer of commercial manufacturing of Clien't s approved Product to a Patheon facility.

d) For any exclusive materials purchased by Patheon which have expired or which no longer have any forecasted requirements, Patheon will contact the Client regarding instructions to either dispose of or ship these exclusive materials to the Client. If instructions are not received from the Client within 30 days, Patheon reserves the right, at Client's cost, to dispose of the exclusive materials.

e) If the Client wishes Patheon to use a specific vendor to purchase materials and this vendor is not an approved supplier currently used by Patheon, it will be Client's responsibility to audit and approve the vendor. At Client's request and for an additional fee, Patheon will audit and approve the vendor.

f) Unless otherwise agreed in a separate Capital Equipment and Expenditure Agreement, if any capital equipment expenditures are required to perform the Services, the Client hereby directs Patheon to incur, on its behalf, all expenses and costs for the Client Capital Requirements. Patheon will give Client copies of third party invoices for the Client Capital Requirements within ten days of receipt. Client will pay Patheon for all amounts owing under these invoices so that Patheon may make timely payment to the third parties within 30 days. If the Client Capital Requirements will be owned by Client and Patheon purchases the Client Capital Requirements on behalf of the Client, Client agrees that Patheon will be the Buying Agent for the Client and Client hereby grants to Patheon a limited Power of Attorney for this purpose.

g) If Patheon is required to buy any marketed product to complete the Services, Client acknowledges that the purchases will be made by Patheon on behalf of the Client and that Patheon will assume no responsibility or liability whatsoever for the marketed product. All marketed product purchases will be prepaid by the Client and unless otherwise agreed to between the parties, Patheon will only place an order for the marketed product once an agreed upon prepayment has been received.

h) If applicable, Patheon and the Client will reasonably cooperate to permit the import of the API and other materials into the country where the Services will be performed. For import of API, Client or Client's broker will be the "Importer of Record." Client's obligation will include obtaining the proper release of API from the local customs and health authorities in the country of importation.

i) Client is responsible for vendor qualification of Client furnished materials and for providing a certificate of compliance confirming that the materials are compliant with the provisions outlined in the "Note for Guidance on minimizing the risk of transmitting spongiform encephalopathy agents via human and veterinary medicinal products" (EMEA/410/01, Rev.2 or update)

4. Termination:

a) Either party may terminate this Contract upon written notice where the other party has failed to remedy a material breach of any of its obligations under this Contract within 30 days after receiving written notice of the breach from the non-breaching party.

b) Client may terminate this Contract immediately for any business reason.

c) Patheon may terminate the Contract if the Client requests to reschedule any part of the Services beyond 120 days.

d) If this Contract is completed, expires, or is terminated by either party as provided for herein, then Client will pay to Patheon:
   i) any fees and expenses due to Patheon for the Services rendered up to the date of completion, expiry or termination;
   ii) all actual costs incurred by Patheon to complete activities associated with the completion, expiry or termination and close of the Services rendered up to the date of completion, expiry or termination including without limitation, disposal fees that may be payable for any materials and supplies owned by the Client to be disposed of by Patheon; and
   iii) any additional costs incurred by Patheon associated with the Services that are required to fulfill applicable regulatory and contractual requirements.

e) Client will arrange for the pickup from the Patheon site of all materials and supplies owned by Client within 30 days after the earlier of the completion, termination or expiration of this Contract. Patheon will charge a storage fee as described in Section 9 after the 30th day following the completion, termination or expiration of the Contract.

f) If Client cancels or reschedules any manufacturing Services (whether in isolation or through termination of the Contract):

i) within 30 days before the start date (the "**Start Date**"). Client will pay to Patheon 25% of the fees quoted for the manufacturing Services;
ii) within 15 days before the Start Date, Client will pay to Patheon 50% of the fees quoted for the manufacturing Services;
iii) within 5 days before the Start Date, Client will pay to Patheon 75% of the fees quoted for the manufacturing Services; or
iv) on or after the Start Date, Client will pay to Patheon 100% of the fees quoted for those manufacturing Services performed by Patheon and 75% of the fees quoted for the manufacturing Services which were not performed due to the cancellation or rescheduling.

5. Intellectual Property:

(a) The term "**Intellectual Property**" includes, without limitation, rights in patents, patent applications, formulae, trade-marks, trade-mark applications, trade-names, trade secrets, inventions, copyright, industrial designs and know-how.

(b) For the term of this Contract, Client hereby grants to Patheon, a non-exclusive, paid-up, royalty-free, non-transferable license of Client's Intellectual Property which Patheon must use in order to perform the Services.

(c) All Intellectual Property generated or derived by Patheon in the course of performing the Services, to the extent it is specific to the development, manufacture, use and sale of the Product that is the subject of the Services, will be the exclusive property of Client ("**Arising Client Intellectual Property**")

(d) All Intellectual Property generated or derived by Patheon while performing the Services which are not specific to, or dependent upon, the product and which have application to manufacturing processes or formulation development of drug products or drug delivery systems will be the exclusive property of Patheon ("**Patheon Intellectual Property**"). Patheon hereby grants to Client, a non-exclusive, paid-up, royalty-free, transferable license of the Intellectual Property which Client may use for the manufacture of the Product.

(e) If Client intends to file a patent application relating to any Arising Client Intellectual Property. Client will give Patheon reasonable time prior to the filling date to review and confirm the inventorship, accuracy of disclosure, and adherence to this Section 5 in the intended filling. Patheon will perform this review and make any suggested revisions to the filling as son as reasonably practicable.

6. Indemnity:

A. Indemnification by Client

Subject to Sections 6B and 6C(c), Client will defend and indemnify Patheon. Its affiliates and their respective directors, officers, employees and agents (collectively. "**Patheon Indemnitees**") from all third-party actions, causes of action, costs (including reasonable legal fees), claims, damages, liabilities and expenses (collectively. "**Losses**") relating to or arising from:

- the manufacture (except as may be contemplated by the Services) or distribution of the Product or the use of the Product by patients either as part of or outside of the scope of any clinical trials;
- the performance of the Services in accordance with the terms of this Contract:
  any misrepresentation, negligence or willful misconduct by Client or any of its affiliates and their respective directors, officers, employees, and agents (collectively. "**Client Indemnitees**");
- any breach by the Client of the Client's obligations or warranties under this Contract; or
- any claim of infringement or alleged infringement of any third party's intellectual property rights in the Product.

This indemnity will not apply to the extent that these Losses are:

- determined to have resulted from the negligence or willful misconduct of Patheon; or
- Losses for which Patheon is obligated to indemnify the Client Indemnitees under Section 6B.

B. Indemnification by Patheon

Subject to Sections 6A and 6C(c), Patheon will defend and indemnify the Client Indemnitees from all Losses resulting from the breach by Patheon of any of its obligations or warranties under this Contract except to the extent that these Losses are:

- determined to have resulted from the negligence or willful misconduct of Client; or
- Losses for which Client is obligated to indemnify the Patheon Indemnitees under Section 6A.

C. Limitation of Liability

(a) If Patheon falls to materially perform any part of the Services in accordance with the terms of this Contract, then Client's sole remedy will be to request Patheon to:
- repeat that part of the Service at Patheon's costs if Client supplies the API; or
- reimburse Client for the price for that part of the Service, excluding the cost of the API

(b) Under no circumstances whatsoever will Patheon reimburse Client for the cost of the API.

(c) Under no circumstances whatsoever will either party be liable to the other in contract, fort, negligence, breach of statutory duty or otherwise for (i) any (direct or indirect) loss of profits, of Production, of anticipated savings, of business or goodwill or (ii) any other liability, damage, cost or expense of any kind incurred by the other party of an indirect or consequential nature, regardless of any notice of the possibility of the damages.

D. No Warranty

PATHEON HEREBY EXCLUDES ALL REPRESENTATIONS, WARRANTIES, OR CONDITIONS OF ANY KIND, EITHER EXPRESSED OR IMPLIED, BY FACT OR LAW, OTHER THAN THOSE EXPRESSLY SET FORTH IN THIS CONTRACT. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, PATHEON MAKES NO EXPRESS OR IMPLIED WARRANTY OR CONDITION (I) FOR ANY PARTICULAR RESULTS FROM THE PERFORMANCE OF THE SERVICES OR WITH RESPECT TO ANY DATA OR INFORMATION GENERATED THEREFROM, (II) OF FITNESS FOR A PARTICULAR PURPOSE, OR (III) OF MERCHANTABILITY FOR THE CLIENT'S PRODUCT, AND THESE WARRANTIES AND CONDITIONS ARE EXPRESSLY EXCLUDED

7. Regulatory Filings:

If Patheon Is selected as the commercial site of manufacture of the Product which is the subject of the Services under this Contract, then prior to filing with the Regulatory Authority any documentation which Is or is equivalent to the FDAs Chemistry and Manufacturing Controls ("**CMC**") portion of the New Drug Application or of the Abbreviated New Drug Application, Client will give Patheon a copy of the CMC portion as well as all supporting documents which have been relied upon to prepare the CMC portion. This disclosure will permit Patheon to verify that the CMC portion accurately describes the Services that Patheon has performed and the manufacturing processes that Patheon will perform under this Contract. Patheon requires 21 days to perform this review but the parties may agree to a shorter time for the review as needed.

8. Shipping (If applicable):

Shipments (if applicable) of the Product or Client's API will be made EXW (Incoterms 2010) Patheon's shipping point unless otherwise agreed. Risk of loss or of damage to the Product will transfer to the Client when the Product is loaded onto the carrier's vehicle by Patheon for shipment at the EXW point. The Product will be transported in accordance with the Clients instructions.

9. Storage:

(a) Excluding retained samples or stability samples, and unless otherwise agreed between the parties, Client will pay Patheon a $500 per month per pallet storage fee if manufactured Product, clinical trial materials, placebo, development, feasibility, scale-up, registration, validation or any other batches, components, raw materials or supplies (collectively "**Materials**") are stored at Patheon under room temperature conditions for more than 30 days after their release for shipment by Patheon. This storage fee will increase to $1000 per month per pallet for Materials stored longer than 90 days after their release for shipment by Patheon. For Materials stored under other than room temperature conditions, the following storage fees will apply beginning 30 days after the Materials have been released for shipment:

(i) $100 per cubic foot per month or $200 per cubic foot per month after 90 days for all Materials stored at the Patheon site under conditions of 2°C - 8°C;

(ii) $200 per cubic foot per month or $400 per cubic foot per month after 90 days for all Materials stored at the Patheon site under frozen conditions; or

(iii) If Client requests storage at conditions different than those stated above, then this will be discussed and agreed between the parties on a separate basis.

(b) Patheon reserves the right to refuse to store any Materials, at its sole discretion at any time. Client will be liable for all risk of loss or damage to the stored Material and it will be Client's responsibility to have appropriate insurance coverage in place for this risk.

(c) If stability samples remain in storage for a period greater than 30 days following the issuance of a report by Patheon for the final time point for that given storage condition (according to the agreed stability protocol), or cancellation of a given program, then Patheon will charge Client a cost of $100 per liter per month.

10. Miscellaneous:

A. Assignment and Subcontracting

Neither this Contract, nor any of either party's rights hereunder, may be assigned or otherwise transferred by either party without the prior written consent of the other party. But either party may, upon written notification to the other party assign in whole or part, its rights and obligations under this Contract to an Affiliate or, in connection with a merger, consolidation or sale of substantially all of the business to which this Contract relates, to an unrelated third party. Patheon may subcontract the Services hereunder to an Affiliate as specified in the Project Proposal or arrange for any of its Affiliates to perform specific Services under this Contract. Patheon may also arrange for third party subcontractors to perform specific Services under this Contract with Client's consent, this consent not to be unreasonably withheld. For purposes of this Contract, "**Affiliate**" means an entity controlling, controlled by or under common control with another entity, where control is defined as ownership, directly or indirectly, of more than 50% of the voting rights in the entity.

B. Force Majeure

Except for payment obligations, neither party will be responsible for delay or failure in performance resulting from acts beyond the reasonable control and without the fault or negligence of the party, including, but not limited to, strikes or other labour disturbances, lockouts, quarantines, communicable disease outbreaks, riots, wars, acts of terrorism, fires, floods, storms, interruption of or delay in transportation, defective equipment, lack of or inability to obtain fuel, power or components or compliance with any order or regulation of any government entity.

C. Survival

Any termination or expiration of this Contract will not affect any outstanding obligations or payments due hereunder prior to such termination or expiration, nor will it prejudice any other remedies that the parties may have under this Contract. The Confidentiality Agreement and sections 4, 5, 6 and 7 of the Contract will survive the expiration or termination of this Contract.

D. Independent Contractors

The parties are independent contractors and this Contract will not be construed to create between Patheon and the Client any other relationship such as, by way of example only, that of employer-employee, principal, agent, joint-venturer copartners or any similar relationship.

E. Confidentiality

The Confidentiality Agreement entered into between the parties will apply to all confidential information about the parties and the Services to be conducted under this Contract and the Confidentiality Agreement is deemed to be incorporated herein by reference. If the Confidentiality Agreement expires or terminates prior to the expiration or termination of this Contract, then the terms of the Confidentiality Agreement will nonetheless continue to govern the parties' obligations of confidentiality for the term of this Contract and for five years thereafter.

F. Patheon Partner™

In order to participate in the PatheonPartner™ program, Client must submit a completed PatheonPartner™ External User Account/Access Form to its Patheon project manager. If applicable, the PatheonPartner™ External User Account/Access Form signed by the Client will apply to the Client's use of the PatheonPartner™ website in respect of the Services

G. Other Terms

No terms, provisions or conditions of any purchase order or other business form or written authorization used by Client or Patheon will have any effect on the rights, duties or obligations of the parties, or otherwise modify, this Contract, regardless of any failure of Client or Patheon to object to the terms, provisions, or conditions unless the document specifically refers to this Contract and is signed by both parties.

H. Insurance

Each party will maintain during the term of this Contract general liability and product liability insurance. Either party may request evidence of this insurance.

I. Entire Agreement

This Contract is the complete agreement between the parties for this subject matter and supersedes all other prior agreements and understandings, whether written or oral. Any modifications, amendment or supplement to this Contract must be in writing and signed by authorized representatives of both parties.

J. Severability

If any provision of this Contract is determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, that determination will not impair or affect the validity, legality, or enforceability of the remaining provisions, because each provision is separate, severable, and distinct.

K. Facsimile

This Contract may be signed in counterparts and by facsimile or by "pdf."

L. Choice of Law

This Contract is governed by the laws of the Province of Ontario and the laws of Canada applicable therein, without regard to any conflicts-of-law principle that directs the application to another jurisdiction's laws.

Part E: Timeline

The below Timeline is presented at this stage as a non-binding, projected estimate of the milestone durations and deliverables envisioned at the time of issuing this proposal. Patheon will make best efforts to adhere to time line estimates shown below by initiating the project as soon as Client award by signature is received. Unless stated otherwise, the Timeline does not take into account the lead time to receive any required material, equipment and client documentation that may affect project start-up and/or milestone attainment.

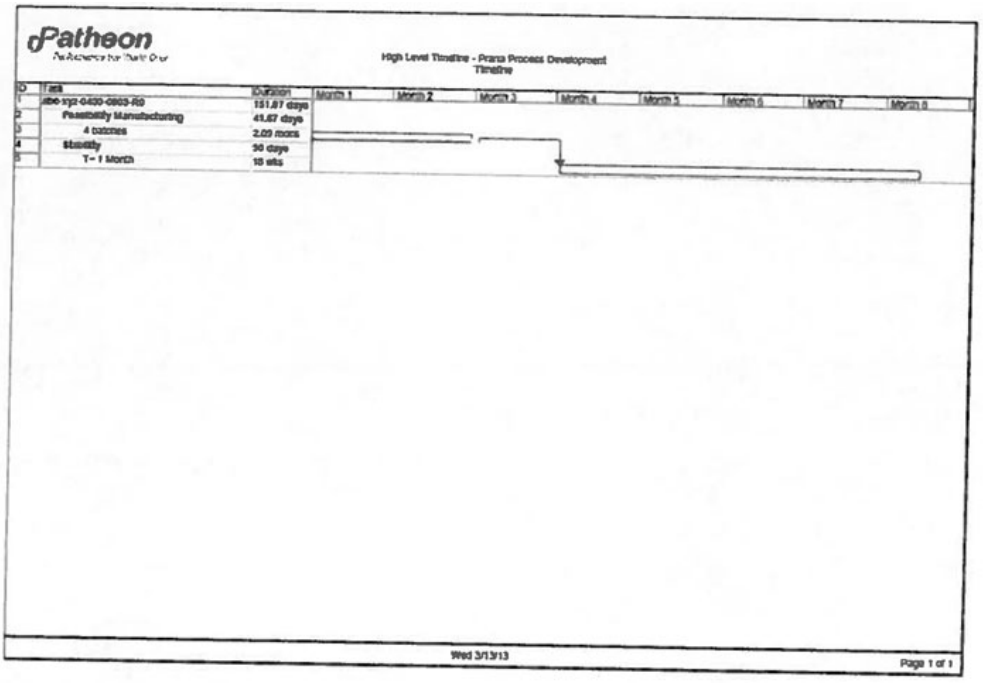


Exhibit 4.24

Amendment 14 to Agreement dated 26th Dec'08 signed by and between
Dr. Reddy's Laboratories Limited
Bollaram Road, Miyapur,
Hyderabad 500 049
India
(Hereinafter referred to as "Dr. Reddy's")
and
Prana Biotechnology Ltd
Level 2, 369 Royal Parade, Parkville Victoria, 3052
Australia
(Hereinafter referred to as "Prana")
Dr. Reddy's and Prana are collectively referred to as the "PARTIES"

This amendment will include the following additional and amended clauses in the above mentioned Agreement (plus amendments) and will be in effect from 18 September 2012.

1. Terms to be included

i. The following new clause-12 in Appendix A of the Agreement;

"13. Sub-Project 5E: Storage of Crude PBT2 (obtained in Sub-Project 5C) under cold storage cGMP conditions

a) Dr. Reddy's laboratories will store the Crude PBT2 obtained in Sub-Project 5C under cold storage cGMP conditions for a period of 1 year from the 18 September 2012
b) It is agreed that within this period Prana will either utilize the Crude PBT2 for further recovery of pure PBT2 or request for further storage or dispose the material at its own cost.
c) Dr. Reddy's will retest this residue by HPLC and Assay at the beginning of each six months-period, i.e twice during the period of this agreement.
d) If Prana decided to dispose this material or ship to any location, complete cost of shipment/disposal will be borne by Prana under a separate sub-project."

ii. The following description of new Sub-Project 5E under Sub-Project Pricing in clause 3 of the Agreement

"Sub-Project 5E: Storage of Crude PBT2 under cGMP conditions - USD 2,800/-"

iii. The following description of new Sub-Project payment terms in clause 3 of the Agreement

"Sub-Project 5E:

- 50% upon completing 6 months of storage and sharing of the final report for the first retest to Prana (USD 1,400/-)"
- 50% upon completing 12 months of storage and sharing of the final report for the second retest to Prana (USD 1,400/-)"
- Prana will make the payment every six month or ending of the contract whichever is earlier.

2. Terms to be varied

i. <u>The current numbering of the following clause heading in Appendix A of the</u> <u>Agreement, as amended in Amendment 13:</u>

"13. Sub-Project 6: Stability Study (48 months)"

<u>is amended as follows</u>

"14. Sub-Project 6: Stability Study (48 months)"

All other terms and conditions of the original Agreement dated 26th Dec'08 and those included in Amendments 1 to 12 remain unchanged.

In witness whereof, the parties hereto have signed this Agreement

Signed for and on behalf of
Dr. Reddy's Laboratories Limited

Signature
Name: Manoj Mehrotra

Witness Signature
Witness Name: Animesh Kondiparthy

Signed for and on behalf of
Prana Biotechnology Ltd.

Signature
Name: Dianne Angus

Witness Signature
Witness Name: E. Gautier

Amendment 15 to Agreement dated 26th Dec'08 signed by and between
Dr. Reddy's Laboratories Limited
Bollaram Road, Miyapur,
Hyderabad 500 049
India
(Hereinafter referred to as "Dr. Reddy's")
and
Prana Biotechnology Ltd
Level 2,369 Royal Parade, Parkville Victoria, 3052
Australia
(Hereinafter referred to as "Prana")
Dr. Reddy's and Prana are collectively referred to as the "PARTIES"

This amendment will include the following additional and amended clauses in the above mentioned Agreement (plus amendments) and will be in effect from 2013.

1. Terms to be included

i. <u>The following new clause in Appendix A of the Agreement:</u>

"15. Sub-Project 6B: Extension of stability testing on IDT batch number-*DA1020702.1* (as completed under Sub-Project 6A) to include a 48 months timepoint.

a) Dr. Reddy's will perform the following tests upon pulling the sample after 48 months stability at 25°C/60%RH.

- Description
- Identification by HPLC/FT-IR
- Assay by HPLC
- Related substances by HPLC
- Related substances by LC-MS and GC
- Water content by KF

b) Dr. Reddy's will provide a stability report upon completion of stability study for 48 months.

ii. <u>The following description of new Sub-Project 6B under Sub-Project Pricing in clause 3 of the Agreement</u>

"Sub-Project 6B: Stability testing of IDT batch number- *DA1020702.1*. at 48 months timepoint at 25°C/60%RH - USD 5,000/-"

iii. **<u>The following description of new Sub-Project 6B payment terms in clause 3 of the Agreement</u>**

"Sub-Project 6B:

- 100% upon completion of 48 months of stability of IDT batch number-*DA1020702.1*. at 25°C/60%RH and sharing the final report (USD 5000/-)"

All other terms and conditions of the original Agreement dated 26th Dec'08 and those included in Amendments 1 to 14 remain unchanged.

In witness whereof, the parties hereto have signed this Agreement

Signed for and on behalf of
Dr. Reddy's Laboratories Limited

Signature
Name: Manoj Mehrotra

Witness Signature 21 May 2013
Witness Name: Animesh Kondiparthy

Signed for and on behalf of
Prana Biotechnology Ltd.

Signature 1 May 2013
Name: Dianne Angus

Witness Signature 1 May 2013
Witness Name: Elisabeth Gautier

Exhibit 4.25

MASTER SERVICES AGREEMENT FOR PROVISION OF CLINICAL RESEARCH SERVICES

Between

INCResearch Australia Pty Limited

(ABN 67 080 425 387)

of 124 Lipson Street, Port Adelaide,

South Australia 5015, Australia (INC)

And

Prana Biotechnology Limited

(ABN 37080699065)

of Level 2, 369 Royal Parade, Parkville,

Victoria, 3052, Australia (Customer)

The Parties, having read and understood this Agreement in its entirety, do so agree in each and every particular.

INCResearch Australia Pty Limited
Authorised Signatory

Signature: 

Name: Garth Tierney

Title: General Manager

Date: 26 April 2012

CUSTOMER
Authorised Signatory

Signature: 

Name: Dianne Angus

Title: Chief Operating Officer

Date: 18 April 2012

INTRODUCTION

The Customer has requested and INC has agreed to provide the Services to the Customer. In consideration for the provision of the Services the Customer has agreed to pay INC the Services Fee.

OPERATIVE CLAUSES

PART 1 – PRELIMINARY

1. **Definitions**

In this Agreement:

1.1 "**Address**" means the addresses of the Customer and INC specified in Item 3 of Schedule 1, or such other address as may be notified;

1.2 "**Affiliates**" means a related body corporate within the meaning of the *Corporations Act* (Cth) 2001;

1.3 "**Business Day**" means any day except a Saturday or a Sunday or other public holiday in South Australia;

1.4 "**Business Records**" means a record of:

1.4.1 the functions, decisions and meetings of the board of the Customer;

1.4.2 the conduct of the Customer's Operations;

1.4.3 the outgoings in respect of the Customer's Operations;

1.4.4 all marketing, advertising or promotions conducted by the Customer; and

1.4.5 all other information kept in respect of the Customer's Operations as reasonably required by the Customer from time to time;

1.5 "**Commencement Date**" means the date specified in Schedule 1;

1.6 **"Confidential Information"** means all information and knowledge concerning any of the procedures existing or future of the Customer, ideas, concepts and all business confidences and financial information of the Customer, and shall include any of the existing and future products or procedures of the Customer. Confidential Information specifically includes, but is not limited to, all clinical structure, characterisation, preclinical, clinical (including investigative brochures and toxicology) and technical data and information relating to a Study. Confidential Information shall not include any such information, knowledge, ideas, concepts or confidences to the extent that they have become public knowledge through no act or failure on behalf of INC, or which INC can show were already in the possession of INC at the time of disclosure by the Customer to INC or which were acquired from a third party who did not acquire same directly or indirectly from the Customer;

1.7 **"Customer Records"** means all records and details with respect to the Customer;

1.8 **"Documents"** means and includes Customer Records, Business Records, and information or materials of any nature;

1.9 **"GST"** means any tax in the nature of a tax on, or on the supply of goods, real property, services or any other value added tax or other government tax or impost whether Federal, State or Local ever levied, imposed, assessed or becoming payable during the term of this Agreement other than interest, fine penalty or other amount imposed on or in respect of the above and including any tax arising pursuant to or as a consequence of the GST Act;

1.10 **"GST Act"** means the A New Tax System (Goods and Services Tax) Act 1999 and associated legislation;

1.11 **"Intellectual Property Rights"** means any industrial or intellectual property rights including without limitation any rights in respect of or in connection with any copyright, patents, trade marks, design rights or eligible layout rights (whether registered or not);

1.12 **"Month"** means a calendar month;

1.13 **"Operations"** means the business services and operations of a party and all related activities conducted by that party;

1.14 **"Services"** means the clinical research services provided pursuant to a Work Authorisation which shall include (without limitation) doing all things reasonably necessary to achieve the objectives of the Study set out in the Work Authorisation, issued pursuant to this Agreement;

1.15 **"Services Fee"** means the amount (excluding GST and) calculated in accordance with the rates and methodology described in a Work Authorisation issued pursuant to this Agreement;

1.16 **"Study"** means any investigation undertaken in the provision of the Services;

1.17 **"Study Subject"** means a person recruited to participate in a Study;

1.18 **"Work Authorisation"** means any work authorisation (whether in electronic or written form) issued for the supply of the Services pursuant to this Agreement, and being generally in the form of the Work Authorisation which appears at Schedule 2.

2. **Interpretation**

In this Agreement, unless the context otherwise requires:

2.1 the Introduction is correct;

2.2 headings do not affect interpretation;

2.3 singular includes plural and plural includes singular;

2.4 words of one gender include any gender;

2.5 reference to legislation includes any amendment to it, any legislation substituted for it, and any subordinate legislation made under it;

2.6 reference to a person includes a corporation, joint venture, association, government body, firm and any other Customer;

2.7 reference to a party includes that party's personal representatives, successors and permitted assigns;

2.8 reference to a thing (including a right) includes a part of that thing;

2.9 reference to two or more people means each of them individually and all of them jointly;

2.10 if a party comprises two or more people:

2.10.1 a promise by that party binds each of them individually and all of them jointly;

2.10.2 a right given to that party is given to each of them individually; and

2.10.3 a representation, warranty or undertaking by that party is made by each of them individually;

2.11 a provision must not be construed against a party only because that party prepared it;

2.12 a provision must be read down to the extent necessary to be valid. If it cannot be read down to that extent, it must be severed;

2.13 an expression defined in the Corporations Act 2001 has the meaning given by that Act at the date of this Agreement.

PART 2 – ENGAGEMENT

3. **Engagement**

3.1 The Customer engages INC to perform the Services pursuant to the terms of this Agreement and INC agrees to perform the Services in accordance with this Agreement.

3.2 INC shall not be obliged to perform any Services until a valid Work Authorisation has been issued by one of the parties and accepted by the other party in respect of those Services.

3.3 Notice of acceptance of any Work Authorisation or Letter of Intent (LOI) must occur within 14 days. If notice is not received from the Customer by INC, the subsequent supply of the Services described in the Work Authorisation or LOI will constitute acceptance by the Customer of the Work Authorisation or LOI and the Customer will be invoiced according to the Work Authorisation or LOI and the Customer shall compensate INC accordingly within terms.

3.4 If there is an inconsistency between this Agreement and a Work Authorisation the conditions of the Work Authorisation will prevail to the extent of the inconsistency.

4. **Term**

The engagement referred to in clause 3 commences on the Commencement Date (as stated in Schedule 1) and remains in effect until terminated in accordance with this Agreement.

PART 3 – INC'S OBLIGATIONS

5. **INC's Obligations**

INC agrees to:

5.1 perform the Services in a timely manner with the reasonable skill, care and diligence and in accordance with the professional standards that could be expected of a provider of clinical research services;

5.2 comply with all relevant laws;

5.3 comply with all reasonable requirements of the Customer;

5.4 promptly and fully inform the Customer about all matters affecting or likely to affect the Customer which come to INC's knowledge;

5.5 implement and maintain quality assurance and quality control systems with written standard operating procedures to ensure that the Study can be conducted and data generated, documented, recorded and reported in compliance with all of the requirements in the Work Authorisation; and

5.6 devote such time and attention to the performance of the Services as may be required to fully discharge INC's obligations under this Agreement.

6. **Freedom to Contract**

During the term of this Agreement INC may provide services of a similar nature as the Services, or such other services, for reward to a third party.

7. **Publication**

INC shall not make any announcement, oral presentation or publication, relating to any of the Services, without the Customer's prior written consent. Neither party shall employ or use the name of the other party in any publication, or promotional material or in any form for public distribution, without the prior written consent of the other party, except as required by law.

8. **Audit**

If the Customer gives INC prior reasonable notice but no less than 48 hours notice, INC shall permit the Customer, during the currency of this Agreement, to inspect, examine and audit the records, operating procedures, methods, facilities and premises of INC, solely to monitor the performance of the Services, and to determine if the Services are being provided in accordance with this Agreement and all applicable laws and regulations.

.

9. **Regulatory Inspections**

INC shall promptly notify the Customer of any request by a regulatory agency, including a foreign regulatory agency, to inspect or otherwise gain access to the information, data or materials relating to the Services. INC shall endeavour to notify the Customer of such requests prior to permitting any third party access, unless prior notice is not possible. INC agrees to permit inspection of such information, data and materials by a regulatory authority, as required by law or as agreed by the Customer. INC shall promptly provide copies to the Customer of any written reports, analyses, and correspondence from a regulatory authority relating to such inspections or to an inquiry undertaken by them.

PART 4 – CUSTOMER OBLIGATIONS

10. **Payment and Calculation of Services Fee**

The Services Fee is to be paid by the Customer to INC at the times and in the amounts specified in the Work Authorisation, without set off or deduction (except where the Customer has suffered loss due to a material breach by INC).

11. **Expenses**

The Customer must reimburse INC, without set off or deduction, for any reasonable prior approved expenses directly incurred by INC in performing the Services and paid or payable by INC. INC shall not apply any mark up on those expenses, other than GST if applicable.

12. **Fees and Cost**

Fees and expenses shall be invoiced on a monthly basis by INC unless otherwise specified in the Work Authorisation. All invoices shall be payable by Customer within 30 days of date of Customer's receipt of invoices; however in the event Customer has queries in relation to any invoiced item (notice of any such queries to be promptly given to INC), payment of that item shall be made only after satisfactory resolution of those queries without a late payment fee. Any non-queried late payments will incur a 2% per month late payment fee. A queried item shall not delay the payment of non queried items in the same invoice.

13. **Suspension of Services**

If the Customer fails to pay any part of the Services Fee or expenses so invoiced (except where set-off has been applied under clause 10), INC shall be entitled to give notice of default and, in the event that the default is not remedied within 30 days, INC shall be entitled to suspend supply of the Services until payment is received in full, and the time prescribed in any current Work Authorisation for any particular work or phase of works will be extended for the period of the suspension. The rights in this clause are in addition to any other rights INC may have.

14. **Provision of Information**

14.1 The Customer will provide INC with complete and accurate information and materials to enable INC to provide the Services to the Customer as requested under this Agreement.

14.2 The Customer must take all steps to ensure that INC is provided with such information, materials and assistance as is necessary to ensure that INC is able to perform the Services and comply with its obligations under this Agreement.

14.3 INC will not be responsible for any deficiency or alleged deficiency in the Services provided to the Customer that is attributable to incorrect or inaccurate information or materials supplied to INC by the Customer, or the Customer's failure to provide all the necessary information and materials required by INC to perform its obligations under this Agreement. This clause does not apply where INC was either aware or ought reasonable to have been aware that information or materials supplied by the Customer to INC were incorrect or inaccurate and INC failed to request corrected information.

14.4 The Customer must comply with all of INC's reasonable requests notified in writing to the Customer from time to time in relation to any Services provided.

15. **Warranty**

15.1 **Warranty of INC**

INC hereby warrants, as testified by its execution hereof, that:

15.1.1 It will perform all services in accordance with all applicable National, State and Local Laws, reputations or standards, including without limitation the Federal Food, Drug and Cosmetic Act, as amended and regulations promulgated thereunder and the United States Food and Drug Administration ("FDA") regulations governing the protection of human subjects and regulations governing clinical investigators, the Helsinki Declaration, and all current applicable ICH Harmonised Tripartite Guidelines including all ICH Good Clinical Practice Guidelines;

15.1.2 It has secured any necessary licenses, certificates and permits required to perform Services pursuant to this Agreement and has all right, title and interest to any Intellectual Property Rights that it uses or provides in the performance of the Services;

15.1.3 It is able to and will render the Services under this Agreement in accordance with professional standards which apply to INC's industry and that it will make all reasonable efforts to produce consistently high levels of accuracy and expertise;

15.1.4 It will perform each Project in accordance with the terms and conditions of this Agreement and the applicable Work Authorisation, the Protocol for each Study, the written instructions of Customer, and Customer's standard operating procedures;

15.1.5 It and its personnel are currently in compliance with applicable Laws, and are not ineligible, debarred or disqualified from performing the duties assigned to them under this Agreement in particular, without limitation, under 21 U.S.C. § 335(a), or otherwise subject to any restrictions or sanctions by the United States Food and Drug Administration. INC further represents and warrants that it will not allow any person or entity that becomes ineligible, debarred or disqualified from rendering any services required under this Agreement. INC agrees to promptly notify Customer in writing if it becomes aware of any noncompliance with the requirements of this Section;

15.1.6 It is not a party to any agreement or subject to any conflicting obligation, which would prevent it from fulfilling its obligations under the Agreement and/or any Work Authorisation; and

15.1.7 Personnel, servants, agents or nominees assigned to perform or provide the Services under this Agreement shall have the skills, training, and qualifications necessary to efficiently perform such services and carry out the responsibilities of INC under this Agreement and shall be bound by the same terms as INC in relation to Confidential Information under clause 19.

15.2 **Warranty of Customer**

The Customer warrants that to the best of its knowledge and belief all information and materials supplied to INC for the use in the provision of Services:

15.2.1 do not infringe the Intellectual Property Rights of any person;

15.2.2 do not compromise INC's ability to provide the Services requested of INC.

PART 5 – LIMITATION OF LIABILITY AND INDEMNITY

16. **Liability**

Neither party will be liable to the other for any, indirect, special, economic or consequential loss or damage arising out of or relating to this Agreement including without limitation, third party claims, lost revenue, loss of business profits, losses relating to business interruption, loss of goodwill, bargain, opportunities or anticipated savings incurred or suffered by the other party. This clause prevails over any other clause in this Agreement.

17. **Indemnity**

INC indemnifies and shall defend and hold harmless the Customer, its affiliates and its and their directors, officers, employees, agents and subcontractors **("the Customer Parties")** against any actions, suits, claims, demands, proceedings, losses, damages, compensation, sums of money, costs (including solicitor and client costs), charges and expenses **("the Losses")** to the extent such Losses arise from any third party claim, action, lawsuit or other proceeding which is attributable to any negligent or wilful act or omission or any breach of this Agreement on the part of INC or any of its agents, employees, representatives or subcontractors except to the extent such Losses are determined to have resulted from:

17.1.1 **a failure by the Customer Parties to adhere to the terms of this agreement**

17.1.2 **negligence, recklessness or wilful misconduct on the part of the Customer Parties or**

17.1.3 **a breach of any applicable law or regulation by the Customer Parties**

17.2 The Customer indemnifies and shall defend and hold harmless INC, its affiliates and its and their directors, officers, employees, agents and subcontractors ("the INC Parties") against any actions, suits, claims, demands, proceedings, losses, damages, compensation, sums of money, costs (including reasonable solicitor and client costs), charges and expenses ("the Losses") incurred by the INC Parties in respect of or relating to a Study, a Study Subject, the Services or under this Agreement except to the extent such Losses are determined to have resulted from:

17.2.1 **a failure by the INC Parties to adhere to the terms of this agreement**

17.2.2 **negligence, recklessness or wilful misconduct on the part of the INC or**

17.2.3 **a breach of any applicable law or regulation by INC**

18. **Insurance**

Customer shall obtain and maintain at its sole expense insurance coverage, as required by Law to conduct the Study set forth in any Work Authorisation. Customer shall furnish to INC appropriate certificates of insurance and, if requested the entire policy. Customer shall provide to INC, with thirty (30) days written notice, information and documents of any change in coverage, including but not limited to, any reduction or change in the amount or scope of such coverage.

INC represents and warrants that it will maintain at its sole expense professional liability insurance coverage sufficient to protect both it and Customer from any and all claims of any nature for negligence, damage to property, or for personal injury, including death, which may arise from its performance of this Agreement. INC shall furnish to Customer appropriate certificates of insurance. INC shall provide to the Customer with thirty (30) days written notice, information and documents of any change in coverage including but not limited to any reduction or change in amount or scope of such coverage.

PART 6 – INTELLECTUAL PROPERTY RIGHTS

19. **Confidential Information**

INC may only use Confidential Information for the purposes of this Agreement and must keep the existence of any Confidential Information confidential except where:

19.1 the information is public knowledge (but not because of a breach of this agreement) or the party has independently created the information;

19.2 disclosure is required by law or a regulatory body (including a relevant stock exchange); or

19.3 disclosure is made to a person or company who must know for the purposes of this Agreement on the basis that the person or company keeps the information confidential and where that person or company is not an employee or contractor of INC, the disclosure has been prior approved by the Customer.

20. **Intellectual Property Rights**

All Intellectual Property Rights in or in connection with the Services and any and all data, results, materials and information generated or derived by INC as a result of Services or based on any Confidential Information shall be and remain the exclusive property of the Customer. All inventions (whether patentable or not), discoveries, improvements in know how, new uses, processes or compounds involved in the studies covered by this Agreement or any Work Authorisation including, without limitation, that derived from or relate to any Customer drug or compound or sample, Confidential Information or Customer Data, shall be and remain the property of the Customer **("Customer Invention")**. INC hereby irrevocably transfers and assigns all right, title and interest in or to Customer Inventions to the Customer and warrants that its employees and contractors have the equivalent obligation imposed on them in their respective engagement contracts. Upon request, INC shall take any additional steps necessary to give effect to this clause. Any additional expenses incurred to secure Customer's interest in Customer Inventions shall be borne by Customer.

PART 7 – TERMINATION

21. **Termination**

21.1 This Agreement and any Work Authorisation issued pursuant to this Agreement may only be terminated in one of the following ways:

21.1.1 immediately by either party by notice in writing if the other party suffers an Insolvency Event;

21.1.2 immediately by either party by notice in writing to the other party if the other party is in default in performing or observing any of the terms of this Agreement and that default in performing or observing any of the terms of this Agreement continues for a period of one (1) calendar month after written notice has been given to the party in default to remedy the default;

21.1.3 by Customer giving thirty (30) days' notice in writing

21.1.4 immediately by either party by notice in writing to the other party if there is reasonably compelling scientific evidence that patient safety is at risk should the Study continue, data integrity compromise, and/or reasonable belief that good clinical practice or applicable laws or regulations will be materially violated.

21.2 On expiry or termination of this Agreement:

21.2.1 subject to clause 21.3 INC must, at the option of the Customer, either immediately destroy in a secure and confidential manner or deliver to the Customer:

(a) all documents and forms relating to the Customer's Operations that are in its possession; and

(b) any Intellectual Property Rights, including but not limited to, Confidential Information in any form, including parts thereof embedded in any other document; and

21.2.2 subject to clause 10, the Customer must pay to INC within one (1) calendar month of the date of termination any outstanding moneys.

21.2.3 Where the Customer has terminated the Agreement and any Work Authorisation hasn't been completed, INC shall cooperate with the orderly transfer of any knowledge or documentation reasonably requested by the Customer.

21.2.4 In consultation with Customer, INC will promptly initiate all appropriate action to close the Study and, subject to any applicable retention requirements imposed by law.

21.2.5 INC will take all appropriate action to close out each of the sites for the Study in a timely manner.

21.2.6 The Customer will cooperate with INC to ensure that Study Subjects who may be affected by termination receive adequate medical care

21.3 INC may retain, at its own cost and subject to the confidentiality provisions of this Agreement, one copy of any materials that were provided by it to the Customer as a result of the Services performed under this Agreement, and that are necessary to be retained by INC to satisfy or monitor its regulatory obligations.

22. **Rights of Action Preserved**

The termination of this Agreement whether by effluxion of time or otherwise shall not prevent the enforcement by either party of any right of action which arose prior to or in consequence of such termination.

PART 8 – DISPUTE RESOLUTION

23. **Dispute Resolution**

23.1 In this clause:

23.1.1 **Complainant** means the person who starts the procedure under clause 21.1.2

23.1.2 **Respondent** means the person with whom the Complainant has a dispute.

23.2 The parties must follow the following procedure to try to resolve disputes arising under this Agreement.

23.3 The Complainant must tell the Respondent in writing:

23.3.1 the nature of the dispute; and

23.3.2 what outcome the Complainant wants; and

23.3.3 what action the Complainant thinks will settle the dispute.

23.4 Senior management of each party must seek to resolve the dispute as soon as reasonably practicable.

23.5 If the parties cannot agree to resolve the matter pursuant to clause 23.4 within 3 weeks, either party may take such further or other action as they may consider appropriate.

23.6 All discussions for the purpose of the negotiations described in paragraph 23.4 are without prejudice.

23.7 No document brought into existence specifically for the purpose of those negotiations can be evidence in any subsequent litigation by a party.

23.8 The existence of a dispute under this clause does not excuse a party from the performance of its obligations under this Agreement.

23.9 Nothing in this clause will prevent a party from seeking urgent relief before an appropriate Court.

PART 9 – MISCELLANEOUS

24. **Goods & Services Tax**

Unless otherwise specified in the Work Authorisation for a Project, fees are expressed as exclusive of Goods and Services Tax (GST). Where fees are GST exclusive and INC is liable to pay GST in respect of any Services provided pursuant to this Agreement, INC may add the GST amount to invoices provided to Customer for the Services.

Provided that the relevant invoice complies with the requirements of a tax invoice to enable Customer to claim a credit or refund of GST, Customer shall pay the GST amount at the same time and in the same manner as other amounts invoiced under this Agreement.

Where the services are directly contracted by an overseas Customer GST will not be applicable.

25. **Relationship**

25.1 INC is independent of the control of the Customer.

25.2 The parties are not principal and agent, partners, trustee and beneficiary, or employer and employee.

25.3 INC must not represent itself and must ensure that its representatives, employees and agents do not represent themselves as being employees of the Customer.

26. **Recruitment of Personnel**

26.1 Each party hereby undertakes not to solicit or employ employees from the other Party for the term of this Agreement and for a period of 6 months following termination of this Agreement, unless mutually agreed by the Parties.

27. **Assignment**

A party may only assign its rights and obligations under this Agreement with the written consent of the other party.

28. **Amendment**

28.1 This Agreement may only be amended in writing signed by the parties.

28.2 A Work Authorisation may only be amended by a further Work Authorisation or Amendment to a Work Authorisation being issued and accepted, as described in clause 3. An amendment to a Work Authorisation should clearly identify those aspects and the extent to which the original Work Authorisation has been varied.

28.3 An Amendment to a Work Authorisation carries the same authority as a Work Authorisation as described in clause 3.

29. **No Waiver**

29.1 A party may only waive a breach of this Agreement in writing signed by that party or its authorised representative.

29.2 A waiver is limited to the instance referred to in the writing (or if no instance is referred to in the writing, to past breaches).

30. **No Merger**

The rights and obligations under this Agreement that by their nature are capable of surviving expiry or termination of this Agreement continue after expiry or termination of this Agreement.

31. **Further Action**

31.1 Each party must do all things necessary to carry out this Agreement, including:

31.1.1 executing documents; and

31.1.2 ensuring its employees and agents perform their obligations.

31.2 A party must not do anything that will prevent this agreement from being carried out.

32. **Severance**

Any provision of this Agreement that is or becomes invalid, unlawful, void or unenforceable that is capable of severance without affecting any other of the obligations or rights of the parties.

33. **Force Majeure**

33.1 Where force majeure prevents or delays a party from performing any obligation under this Agreement, and such prevention or delay could not have been overcome by the exercise of due diligence, the party's obligation is suspended as long as the force majeure continues.

33.2 For the purpose of this clause force majeure means an act of God, war, revolution or any other unlawful act against public order or authority and a government restraint.

33.3 Upon the occurrence of a force majeure the party whose obligation is suspended must immediately notify the other party, and use its best endeavours to overcome the circumstances.

34. **Entire Agreement**

34.1 This Agreement and any Work Authorisation that may issue pursuant to this Agreement records the entire agreement between the parties about its subject matter.

34.2 Neither party has given any warranty or made any representation to the other party about the subject matter of this Agreement, other than those warranties and representations appearing in this Agreement.

35. **Notice**

35.1 Notice and documents must be in writing and in English, and may be given by an authorised representative of the sender, refer to Schedule 1 for contact details.

35.2 Notice and documents may be given to a person:

35.2.1 personally;

35.2.2 by leaving it at the person's Address;

35.2.3 by sending it by pre-paid mail to the person's Address;

35.2.4 by sending it by facsimile to the person's Facsimile Number as described in the Address and then confirming it by pre-paid mail to the person's Address;

35.2.5 by sending it by email to the person's email address as described in the Address.

35.3 Notice and documents are deemed to be received by a person:

35.3.1 when left at the person's address;

35.3.2 if sent by pre-paid mail, 3 Business Days after posting;

35.3.3 if sent by facsimile and confirmed by pre-paid mail, at the time and on the day shown in the sender's transmission report, if it shows that the whole notice was sent to the person's facsimile number last notified;

35.3.4 if sent by email, at the time of transmission and a report produced of the document being sent will be conclusive evidence of delivery even if the communication is not opened by the recipient.

However, if the notice is deemed to be received on a day which is not a Business Day it is deemed to be received on the next Business Day.

35.4 If two or more people comprise a party, notice to one is effective notice to all.

36. **Governing Law**

36.1 This Agreement is governed by the law of Victoria.

36.2 The parties irrevocably submit to the non-exclusive jurisdiction of the courts of Victoria and the Victorian division of the Federal Court of Australia, and the courts of appeal from them.

36.3 No party may object to the jurisdiction of any of those courts on the ground that it is an inconvenient forum or that it does not have jurisdiction.

37. **Costs**

37.1 Each party shall be responsible for its own cost for the negotiation, preparation and execution of this Agreement.

38. **Privacy**

38.1 Each party must comply with all relevant privacy Laws in Australia, in relation to providing the Services whether or not the party is an organisation bound by the Cth Privacy Act.

38.2 Each party acknowledges that personal information provided by patients under this Agreement, is also Confidential Information and is subject to the confidentiality obligations under clause 19.

38.3 INC must:

(a) collect, store, use, disclose or otherwise deal with any personal information provided by patients under this Agreement, as directed by the Customer, except to the extent that compliance with the direction would cause ICN to breach any relevant privacy laws; and

(b) provide all assistance required by the Customer to assist the Customer in complying with its obligations under any relevant privacy law.

SCHEDULE 1

Item 1 **Commencement Date** The 22nd day of September 2011

Item 2 **Notices and Documents to be forwarded to the following contacts:**

If to INC:

Postal Address: INCResearch Australia Pty Limited
124 Lipson Street
Port Adelaide
South Australia 5015
Australia
Attention: Sharryn Lunnay

Facsimile: +618 8447 3511

Email: slunnay@incresearch.com

Postal Address: Prana Biotechnology Limited
Level 2, 369 Royal Parade
Parkville
Victoria 3052
Australia
Attention: Di Angus

Facsimile: +613 9348 0377

Email: dangus@pranabio.com cc. peneamor@bigpond.net.au

WORK ORDER
INC Research Project # 1000504
Protocol # PBT2-203

This Work Order (hereinafter "Work Order") is between **Prana Biotechnology Limited** (hereinafter "Sponsor") with principal offices located at Level 2, 369 Royal Parade, Parkville VIC 3052 Australia and **INCResearch Australia Pty Limited,** together with its parent company, subsidiaries and legal affiliates (hereinafter "INC Research") with offices located at 124 Lipson Street, Port Adelaide SA 5015 Australia and relates to the Master Services Agreement effectively dated 22nd September 2011 which expressly incorporates this Work Order hereto by reference into the Master Services Agreement. Pursuant to the Master Services Agreement, INC Research has agreed to perform certain services in accordance with written work orders, such as this one, entered into from time to time describing such services.

This document constitutes a Work Order under the Master Services Agreement and this Work Order and the Services contemplated herein are subject to the terms and provisions of the Master Services Agreement.

1. **SERVICES:** INC Research will render such services (hereinafter "Services") as may be necessary to complete in a professional manner the project described below:

   A Randomized, Double-blind, Placebo-controlled Study to Assess the Safety and Tolerability, and Efficacy of PBT2 in Patients with Early to Mid-stage Huntington Disease (#PBT2-203)

   INC Research will perform the Services as specified in Attachment A to this Work Order.

2. **PROJECT SCHEDULE:** The major project milestones and target dates are described in Attachment B to this Work Order. Both parties agree that the Project Schedule is a reasonable schedule for the Services to be performed and will put forth all reasonable efforts to comply with these dates.

3. **COMPENSATION AND EXPENSES:** Sponsor shall pay the fees for INC Research's Services in accordance with the Project Budget and Payment Schedule provided in Attachment C of this Work Order. INC Research shall invoice Sponsor for taxes or duties actually incurred by INC Research which are imposed upon INC Research by any governmental agency, including, but not limited to Value Added Tax, Stamp Tax, and/or General Sales Tax, as a result of this Agreement with the exception of taxes based on INC Research's income.

4. **NOTICES AND PAYMENTS:** All communications, notices and payments required under this Work Order shall be mailed by first class mail, postage prepaid, or by overnight carriers, to the respective parties at the addresses set forth below, or to such other addresses as the parties may from time to time specify in writing.

If to Sponsor:

Caroline Herd
Chief Development Consultant
Prana Biotechnology Limited
Level 2
369 Royal Parade
Parkville VIC 3052 Australia
Phone: +61 (0) 3 9349 4906
Facsimile: +61 (0) 3 9348 0377

If to INC Research:

For Communications:

Contracts Management
INCResearch Australia Pty Limited
124 Lipson Street
Port Adelaide SA 5015 Australia
Phone: +61 (0) 8 8447 3500
Facsimile: +61 (0) 8 8447 3511

For Payments (Via Wire):

Beneficiary Bank:	Bank of South Australia (A Division of St George Bank Limited)
Account Name:	INCResearch Australia Pty Limited
BSB (Routing Number):	
Account Number:	
Swift:	

5. **TRANSFER OF OBLIGATIONS:** Sponsor assigns the responsibilities pertaining to the Study to INC Research as indicated in Attachment A, Services.

IN WITNESS WHEREOF, the undersigned have caused this Work Order to be executed by a duly authorized individual on behalf of each requisite party effective as of the day and year last written below. In the event that the parties execute this Work Order by exchange of electronically signed copies or facsimile signed copies, the parties agree that, upon being signed by both parties, this Work Order shall become effective and binding and that facsimile copies and/or electronic signatures will constitute evidence of the existence of this Work Order with the expectation that original documents may later be exchanged in good faith. Thereafter, the parties agree that in connection with request for information that either party may need from the other related to the Services provided hereunder, both parties expressly permit communication via facsimile to the extent allowed by applicable laws and regulations to be disseminated in that manner.

Prana Biotechnology Limited

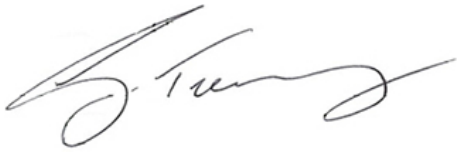
By: _____

Name: Dianne Angus

Title: Chief Operating Officer

Date: 6th August 2012

INCResearch Australia Pty Limited



By: _____

Name: Garth Tierney

Title: Regional General Manager, Australia and South East Asia

Date: 14th August 2012.

ATTACHMENT A
Services

DETAILED ASSUMPTIONS

GENERAL	
DRUG NAME	PBT2
INDICATION	Huntington Disease
PHASE	2a
SITES	
NUMBER OF COUNTRIES	1 - Australia
NUMBER OF SITES	5
NUMBER OF APPLICABLE LANGUAGES	1 - English
CASE REPORT FORM (CRF)	
PAPER OR ELECTRONIC CRF	eCRF
NUMBER OF PAGES PER ENROLLED PATIENT	70
TOTAL PAGES	2,100
INVESTIGATOR MEETING	
NUMBER OF MEETING(S)	1 - Melbourne
DURATION OF MEETING(S)	1.5 days
• NUMBER OF SITE ATTENDEES	3 attendees per site (15 total site attendees)
• NUMBER OF CUSTOMER ATTENDEES	5
• NUMBER OF INC RESEARCH ATTENDEES	2 CRAs + 1 PM
SITE MONITORING	
NUMBER OF CRAs	3 - based in Sydney, Melbourne and Perth
NUMBER OF INITIATION VISITS	5
NUMBER OF MONITORING VISITS	25 one-day visits - 5 visits/site
NUMBER OF CLOSEOUT VISITS	5
PHARMACOVIGILANCE (SAFETY)	
NUMBER OF SERIOUS ADVERSE EVENTS (SAEs)	Assume 1
NUMBER OF REPORTABLE SAEs	Assume 1
NUMBER OF SUSPECTED UNEXPECTED SERIOUS ADVERSE REACTIONS	1
NUMBER OF SAEs REPORTING TO LOCAL REGULATORY AUTHORITY	1
PROJECT MANAGEMENT	
NUMBER OF CUSTOMER TELECONFERENCES	21
• FREQUENCY OF TELECONFERENCES	Monthly

DETAILED ASSUMPTIONS

- DURATION OF TELECONFERENCES — 1 hour
- TELECONFERENCE ATTENDEES — Project Manager

ACTIVITY	Prana	INCResearch
Study Start-up Activities		
Study Sponsorship - Australia	✓	
Protocol Development	✓	
Approval and Authorisation of Final Protocol	✓	
Patient Information Sheet & Consent Template Development	✓	
Creation of Study Manual/Monitoring Guidelines	✓	
List Trial on Public Register e.g. ANZCTR, Clinicaltrials.gov	✓	
Conduct Internal Team Kick-Off Meeting		✓
Investigator/Site Identification	✓	
Approval of Final Investigator's/Sites	✓	
Finalise Clinical Trial Agreements	✓	
Creation and Collection of Essential Documents		✓
Conduct Pre-study/Site Qualification Visits	✓	
Complete Ethics Submissions and Follow-up	✓	
Respond to Issues Raised by the Ethics Committee	✓	
Regulatory Submissions	✓	
Import/Export Permit Handling	✓	
Customer Project Team Meetings		
Attend Project Team Meeting	✓	✓
Organise Project Team Meeting	✓	
Investigator's Meeting		
Attend Investigator's Meeting	✓	✓
Present at Investigator's Meeting	✓	
Organise Investigator's Meeting	✓	
Investigational Product (IP)		
IP Packaging and Labelling	✓	
IP Storage	✓	
IP Distribution	✓	

ACTIVITY	Prana	INCResearch
IP Accountability		✓
IP Destruction	✓	
Site Visits		
Site Initiation Visits		✓
Monitoring Visits		✓
Close-out Visits		✓
Completion of Visit Reports		✓
Site Management		
Site Management		✓
Project Management		
Project Management (Local)		✓
Project Tool Development		✓
Create Master Study Files	✓	
Maintenance of Master Study Files During Study	✓	
Create Investigator In-house and Site Study Files		✓
Maintain In-house Investigator Study Files During Study		✓
Manage and Make Payments to Investigators/Sites	✓	
Archiving of Study Files Post-study	✓	
Safety Reporting & Medical Monitoring		
Handling of SAEs (notification)		✓
Medical Review of SAEs & Narrative Creation		✓
Reporting to Local Regulatory Authority		✓
Follow-up of SAEs	✓	
Creation and Distribution of Investigator Notification Letters	✓	
Medical Monitoring	✓	
Safety Management Plan (review)		✓

ATTACHMENT B
Project Schedule

Project Timeline/Activities

Project Milestones	Duration	Start Date	End Date
Pre-Study Period	3 Months	1-Mar-12	31-May-12
Enrolment Period	8 Months	1-Jun-12	31-Dec-12
Treatment Period	8 Months	1-Jan-13	30-Sep-13
Close-out Period	2 Months	1-Oct-13	30-Nov-13
Total Study Duration		21 Months	

ATTACHMENT C
Project Budget and Payment Schedule

Goods and Services Tax (GST)

In Australia all goods and services are subject to GST of 10%. Unless otherwise specified, fees are expressed as exclusive of Goods and Services Tax (GST). Where fees are GST exclusive and INC Research is liable to pay GST in respect of any Services provided pursuant to this Agreement, INC Research may add the GST amount to invoices provide to Sponsor for the Services. Provided that the relevant invoice complies with the requirements of a tax invoice to enable Sponsor to claim a credit or refund of GST, Sponsor shall pay the GST amount at the same time and in the same manner as other amounts invoiced under this Agreement.

Where the services are directly contracted by an overseas Sponsor GST will not be applicable.

Project Costs and Payment Schedule

The project budget has been provided in AUD. This will also be the prime currency for invoicing and payment on this project.

All clinical services will be invoiced on a unit basis as per the proposed direct cost estimate budget.

Upon execution of this Work Order, Sponsor shall make a payment of $58,338.40 (20% of the total direct costs). Thereafter, INC Research will invoice Sponsor on a monthly basis for actual units completed and reconciled at the end of the study.

If services requirement exceeding those specified in the cost estimate are required then written approval will be obtained from the Sponsor before conducting the additional services.

All professional services have been adjusted to take into account standard fee reviews that would occur over the period of the trial. If the timelines extend beyond the period estimated then INC Research may increase fees beyond the period stated.

Indirect costs will be invoiced separately on a monthly basis.

INC Research shall provide Sponsor with itemized invoicing of all expenses and fees. Undisputed invoices are payable within 30 days of date of Sponsor's receipt of invoice as per MSA clause 12.

DIRECT COSTS

Service/Item	Comments	Responsibility	Unit	Unit Cost (AUD)	Number of Units	Item Cost	AUD$
Study Start Up Activities							
Study Training/Internal Kick Off Meeting	Familiarisation, Protocol, IB	CRA	per CRA	1123	3.00	3,370	
Study Training/Internal Kick Off Meeting	Familiarisation, Protocol, IB	PM	per PM	1290	1.00	1,290	
Essential Document Collection	Creation, Collection and Tracking	CRA	per site	1123	5.00	5,616	
Study Files	Set-up of Study Master Files and Investigator Site Files	PA	per study	749	1.00	749	
CRA Administration (March 2012 - May 2012)	Communications - Customer, Site, Project Manager	CRA	per month	3019	3.00	9,056	
						Subtotal	$20,080
Customer Project Team Meetings							
Customer Kick-off Meeting	Teleconference	PM	per PM	322	1.00	322	
Sponsor Teleconference Participation	21 x 1 hour Telecon	PM	per telecon	165	21.00	3,456	
						Subtotal	$3,778
Investigator's/Monitor's meeting							
Travel Time	4 hours Return	PM	per PM	645	1.00	645	
Travel Time	8 hours Return	CRA	per CRA	1123	1.00	1,123	
Attendance	Assume 1.5 day Meeting, 1 PM	PM	per PM	1934	1.00	1,934	
Attendance	Assume 1.5 day Meeting, 2 CRAs	CRA	per CRA	1685	2.00	3,370	
						Subtotal	$7,072
Site Visits							
Study Initiation	Includes Preparation, Travel, Time On-site, Reporting and Follow-up	CRA	per visit	1404	5.00	7,020	
Monitoring Visits (1 Day Visits)	Including Preparation, Travel, 1 day On-site, Reporting and Follow-up 5 Visits/Site	CRA	per visit	1579	25.00	39,478	
Closeout Visits	Includes Preparation, Travel, Time On-site, Reporting and Follow-up	CRA	per visit	1752	5.00	8,761	
						Subtotal	$55,258
Site Management							
Site Management (June 2012 • September 2013)	per Month	CRA	per month	3086	16.00	49,383	
Site Management (October 2013 • November 2013)	per Month	CRA	per month	1460	2.00	2,920	
						Subtotal	$52,303
Project Management							
Local Coordination/Supervision (March 2012 • May 2012)	per Month	PM	per month	5158	3.00	15,475	
Local Coordination/Supervision (June 2012 • September 2013)	per Month	PM	per month	3296	16.00	52,743	
Local Coordination/Supervision (October 2013 - November 2013)	per Month	PM	per month	3353	2.00	6,706	
Project Assistance (March 2012 • November 2013)	per Month	PA	per rronth	2054	21.00	43,144	
						Subtotal	$118,068
Safety Monitoring							
Safety Administration	Includes Set-up, Maintenance and Completion Activities	Safety Officer	per study	4597	1.00	4,597	
Handling of SAEs (Notifications)	All Events - Assume 1 SAE	Safety Officer	per SAE	330	1.00	330	
Medical Review of SAEs and Narrative Creation	All Events - Assume 1 SAE	Medical Monitor	per SAE	851	1.00	851	
Reporting to Local Authorities	Assume 1 Reportable Event	Safety Officer	per SAE	659	1.00	659	
Safety Management Plan (review)		Safety Officer	per study	659	1.00	659	
Teleconference	Assume 1 hour teleconference	Safety Officer	per telecon	165	1.00	165	
						Subtotal	$7,261
						TOTAL	$263,821

INDIRECT COSTS

Expense/Item	Comments	Unit Cost	Number of Units	Item Cost AUD$	AUD$
Investigator's/Monitor's Meeting Attendance					
Travel/Attendance Costs	Airfares, accommodation & meals provided by Client, $500 - taxis, currency exchange, meals in transit, phone	$500/person	2	1,000	
				Subtotal	$1,000
Site Visits					
Other Site visit Costs	Parking/tolls/meals and incidentals for site visits	$50/day	35	1,750	
				Subtotal	$1,750
General Expenses					
Couriers, Express Post, Teleconferences		$7,000	1	7,000	
Copying (Excluding ethics submissions), postage, telecommunications (excluding teleconferences), stationery (files)	$70/site/month, 5 sites for 21 months	$350/month	21	7,350	
				Subtotal	$14,350
				TOTAL	$17,100

Change Orders/Changes in Scope

INC Research's participation in this study is based upon the parameters outlined in Attachment A – Services and Attachment B – Project Schedule. Unless otherwise specified in this Work Order, all study Services will be performed under the INC Research Standard Operating Procedures (SOPs). If the scope of the study varies from these study parameters, a Contract Modification (CM) may be necessary. A CM may be due to, but is not limited to, the following project specific situations that change the study parameters (i.e., timeline[1], number of subjects or sites) or the scope of work (i.e., additional services; tasks for current services; or costs for current services are modified). These changes in scope may modify the time or costs (direct or indirect) required to complete the study. Requests to engage additional contractors or to incur additional costs with existing contractors engaged by INC Research are considered changes in scope. Accordingly, negotiating efforts to secure confidentiality agreements and service agreements with newly engaged contractors are also considered changes in scope.

Once a CM is identified, INC Research will log the out-of-scope activities in a Change Order Log and obtain written acknowledgement from the Sponsor confirming the scope of the possible CM. Once the out-of-scope services reach an estimated 3% of direct project costs (or $10,000, whichever is reached first), a Change Notification Form (CNF) will be submitted to the Sponsor for verification of the project change and to determine if INC Research should wait to begin out-of-scope trial activities or continue while good faith negotiations move towards an executed Change Order (CO).

A CO shall be completed once the following threshold amount is reached (which is based on the original contract value of the study).

- $100,000 threshold if contract value is less than $3,000,000; or
- $300,000 threshold if contract value is over $3,000,000.

If out of scope activities do not reach the threshold amount for longer than 180 days since the first CNF or particular CO was initiated, then a CO shall be issued once the time threshold is reached.

If out of scope activities do not reach the value or time thresholds prior to end of study, then a CO shall be issued and signed by Sponsor prior to release of the final project deliverable.

[1] An increase in the study timeline may increase the inflation calculation. Change orders will only address an increase in costs due to inflation for uncompleted activities if the study timeline is pushed into a new calendar year

CHANGE ORDER N°1 to Work Order #1000504

This Change Order number 1 to Work Order #1000504 (hereinafter "Change Order") is made and entered into as of the date of last signature (hereinafter "Effective Date") by and between **Prana Biotechnology Limited** (hereinafter "Sponsor") with an office located at Level 2, 369 Royal Parade, Parkville VIC 3052, Australia and **INCResearch Australia Pty** Limited, together with its parent company, subsidiaries and legal affiliates (hereinafter "INC Research") with principal offices located at 124 Lipson Street, Port Adelaide SA 5015, Australia.

RECITALS

WHEREAS, Sponsor and INC Research have entered into Work Order #1000504 (hereinafter "Agreement") to perform Services for Protocol # PBT2-203 for study entitled: A Randomized, Double-blind, Placebo-controlled Study to Assess the Safety and Tolerability, and Efficacy of PBT2 in Patients with Early to Mid-stage Huntington Disease (hereinafter "Study"), which was signed by Sponsor and INC Research on 14th August 2012, and

WHEREAS, during the course of the performance of the Study, Sponsor and INC Research have identified changes in assumptions; and

WHEREAS, Sponsor desires to retain additional services from INC Research and INC Research desires to supply such services to Sponsor under the terms and conditions set forth herein; and

WHEREAS, Sponsor and INC Research agree that all other terms and conditions of the Agreement shall remain in full force and effect, unless specifically agreed otherwise in this Change Order; and

WHEREAS, Sponsor and INC Research agree that the services and costs covered by this Change Order are additional to the services and costs covered by the Agreement;

NOW THEREFORE, subject to the terms, conditions and covenants hereinafter set forth, INC Research and Sponsor agree as follows:

SECTION I: CHANGES IN SCOPE

This section contains an overview of the changes in assumptions, timelines, and revision in Scope of services. In summary, this Change Order mainly reflects the following changes:

Direct Costs

- Addition of seven (7) x One Day Monitoring Visits, to be invoiced only if required.
- Addition of eight (8) x Two Day Monitoring Visits, to be invoiced only if required.
- Addition of one (1) x Four Day Monitoring Visit.
- Addition of nine (9) x Serious Adverse Events (SAE) Notifications, to be invoiced only if required.
- Addition of four (4) x Reporting to Local Authorities of SAEs, to be invoiced only if required.
- Addition of 6 Monthly Suspected Unexpected Serious Adverse Reaction (SUSAR) Line Listings time for Safety Officer, to be invoiced only if required.

Indirect Costs

- Addition of twenty-seven (27) x Other Site Visit Costs.

The parties hereby agree the total cost associated with this Change Order is AUD $48,505.00.

SECTION II: COSTS OVERVIEW

The additional deliverables and tasks performed by INC Research are specified in Attachment A. This Attachment includes an overview of the total prices of deliverables in the original agreement and previous change orders, and an overview of the additional total prices of the new deliverables and services. The total amount of all contracted deliverables (original agreement including all change orders) is shown in Attachment A.

A summary of both direct and indirect costs related to the original agreement and all changes in scope as occurred is provided in the table below:

	Effective Date	Direct Costs AUD$	Indirect Costs AUD$	Grand Total AUD$
Original Contract	14th August 2012	$263,821.00	$17,100.00	$280,921.00
Change Order # 1	Upon Execution	$47,155.00	$1,350.00	$48,505.00
Total Contract Value		**$310,976.00**	**$18,450.00**	**$329,426.00**

Revised Direct Costs

Service/Item	Comments	Responsibility	Unit	Unit Cost (AUD)	Original Number of Units	CO#1 Number of Units	Original Item Cost (AUD$)	CO#1 Item Cost (AUD$)	TOTAL COST AUD$
Study Start Up Activities									
Study Training/Internal Kick Off Meeting	Familiarisation, Protocol, IB	CRA	per CRA	1123	3	0	3,370	0	
Study Training/Internal Kick Off Meeting	Familiarisation, Protocol, IB	PM	per PM	1290	1	0	1,290	0	
Essential Document Collection	Creation, Collection and Tracking	CRA	per site	1123	5	0	5,616	0	
Study Files	Set-up of Study Master Files and Investigator Site Files	PA	per study	749	1	0	749	0	
CRA Administration (March 2012-May 2012)	Communications - Customer, Site, Project Manager	CRA	per month	3019	3	0	9,056	0	
						Subtotal	20,080	0	$20,080
Customer Project Team Meetings									
Customer Kick-off Meeting	Teleconference	PM	per PM	322	1	0	322	0	
Sponsor Teleconference Participation	21 x 1 hour Telecon	PM	per telecon	165	21	0	3,456	0	
						Subtotal	3,778	0	$3,778
Investigator's/Monitor's meeting									
Travel Time	4 hours Return	PM	per PM	645	1	0	645	0	
Travel Time	8 hours Return	CRA	per CRA	1123	1	0	1,123	0	

INC Research, LLC Change Order Form

Service/Item	Comments	Responsibility	Unit	Unit Cost (AUD)	Original Number of Units	CO#1 Number of Units	Original Item Cost (AUD$)	CO#1 Item Cost (AUD$)	TOTAL COST AUD$
Attendance	Assume 1.5 day Meeting, 1 PM	PM	per PM	1934	1	0	1,934	0	
Attendance	Assume 1.5 day Meeting, 2 CRAs	CRA	per CRA	1685	2	0	3,370	0	
						Subtotal	7,072	0	$7,072
Site Visits									
Study Initiation	Includes Preparation, Travel, Time On-site, Reporting and Follow-up	CRA	per visit	1404	5	0	7,020	0	
Monitoring Visits (1 Day Visits)	Including Preparation, Travel, 1 day On-site, Reporting and Follow-up - *only if required*	CRA	per visit	1579	25	7	39,478	11,054	
Monitoring Visits (2 Day Visits)	Including Preparation, Travel, 2 days On-site, Reporting and Follow-up - *only if required*	CRA	per visit	3015	0	8	0	24,117	
Monitoring Visits (4 Day Visits)	Including Preparation, Travel, 4 days On-site, Reporting and Follow-up	CRA	per visit	5886	0	1	0	5,886	
Closeout Visits	Includes Preparation, Travel, Time On-site, Reporting and Follow-up	CRA	per visit	1752	5	0	8,761	0	
						Subtotal	55,258	41,057	$96,315
Site Management									
Site Management (June 2012 - September 2013)	per Month	CRA	per month	3086	16	0	49,383	0	
Site Management (October 2013 - November 2013)	per Month	CRA	per month	1460	2	0	2,920	0	
						Subtotal	52,303	0	$52,303

INC Research, LLC Change Order Form

Service/Item	Comments	Responsibility	Unit	Unit Cost (AUD)	Original Number of Units	CO#1 Number of Units	Original Item Cost (AUD$)	CO#1 Item Cost (AUD$)	TOTAL COST AUD$
Project Management									
Local Coordination/Supervision (March 2012 - May 2012)	per Month	PM	per month	5158	3	0	15,475	0	
Local Coordination/Supervision (June 2012 - September 2013)	per Month	PM	per month	3296	16	0	52,743	0	
Local Coordination/Supervision (October 2013 - November 2013)	per Month	PM	per month	3353	2	0	6,706	0	
Project Assistance (March 2012-November 2013)	per Month	PA	per month	2054	21	0	43,144	0	
						Subtotal	118,068	0	$118,068
Safety Monitoring									
Safety Administration	Includes Set-up, Maintenance and Completion Activities	Safety Officer	per study	4597	1	0	4,597	0	
Handling of SAEs (Notifications)	All Events - Assume 10	Safety Officer	per SAE	330	1	9	330	2,967	
Medical Review of SAEs and Narrative Creation	All Events - Assume 1 SAE	Medical Monitor	per SAE	851	1	0	851	0	
Reporting to Local Authorities	All Events - Assume 5	Safety Officer	per SAE	659	1	4	659	2,637	
6-Monthly SUSAR Line Listing	Preparation, distribute and tracking	Safety Officer	per study	494	0	1	0	494	
Safety Management Plan (review)		Safety Officer	per study	659	1	0	659	0	

Service/Item	Comments	Responsibility	Unit	Unit Cost (AUD)	Original Number of Units	CO#1 Number of Units	Original Item Cost (AUD$)	CO#1 Item Cost (AUD$)	TOTAL COST AUD$
Teleconference	Assume 1 hour teleconference	Safety Officer	per telecon	165	1	0	165	0	
						Subtotal	7,261	6,098	$13,360
						TOTAL	**263,821**	**47,155**	**$310,976**

Revised Indirect Costs

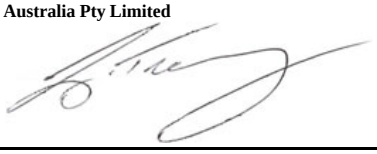
Expense/Item	Comments	Unit Cost	Original Number of Units	CO#1 Number of Units	Original Item Cost AUD$	CO#1 Item Cost AUD$	TOTAL COST AUD$
Investigator's/Monitor's Meeting Attendance							
Travel/Attendance Costs	Airfares, accommodation & meals provided by Client, $500 - taxis, currency exchange, meals in transit, phone	$500/person	2	0	1,000	0	
				Subtotal	1,000	0	$1,000
Site Visits							
Other Site visit Costs	Parking/tolls/meals and incidentals for site visits	$50/day	35	27	1,750	1,350	
				Subtotal	1,750	1,350	$3,100
General Expenses							
Couriers, Express Post, Teleconferences		$7,000	1	0	7,000	0	

Copying (Excluding ethics submissions), postage, telecommunications (excluding teleconferences), stationery (files)	$70/site/month, 5 sites for 21 months	$350/month	21	0	7,350	0	
				Subtotal	14,350	0	$14,350
				TOTAL	**17,100**	**1,350**	**$18,450**

SIGNATURE

COUNTERPARTS. This Change Order may be signed in counterparts and said counterparts shall be treated as though signed as one document. The parties acknowledge legal validity of facsimile, portable document format or other commercially acceptable electronic exchange of copies of the documents, which are essential for Change Order execution. A party which uses a facsimile, portable document format or other commercially acceptable electronic exchange copy of an authorized person's signature in the documents guaranties its authenticity.

IN WITNESS WHEREOF, the undersigned have caused this Change Order to be executed by a duly authorized individual on behalf of each requisite party effective as of the day and year last written below.

Prana Biotechnology Limited	**INCResearch Australia Pty Limited**
	
Signature By:	Signature By:
DIANNE ANGUS	Garth Tierney
Name (print)	Name (print)
C.O.O	Executive Vice President, Asia/Pacific
Title	Title
16 / April / 2013	24/04/2013
Date	Date

WORK ORDER
INC Research Project # 1002213
Protocol # PBT2-203

This Work Order (hereinafter "Work Order") is between **Prana Biotechnology Limited** (hereinafter "Sponsor") with principal offices located at Level 2, 369 Royal Parade, Parkville VIC 3052 Australia and **INCResearch Australia Pty Limited,** together with its parent company, subsidiaries and legal affiliates (hereinafter "INC Research") with offices located at 124 Lipson Street, Port Adelaide SA 5015 Australia and relates to the Master Services Agreement effectively dated 22nd September 2011 which expressly incorporates this Work Order hereto by reference into the Master Services Agreement. Pursuant to the Master Services Agreement, INC Research has agreed to perform certain services in accordance with written work orders, such as this one, entered into from time to time describing such services.

This document constitutes a Work Order under the Master Services Agreement and this Work Order and the Services contemplated herein are subject to the terms and provisions of the Master Services Agreement.

1. **SERVICES:** INC Research will render such services (hereinafter "Services") as may be necessary to complete in a professional manner the project described below:

Protocol # PBT2-203: A randomized, double-blind, placebo controlled study to assess the safety and tolerability and efficacy of PBT2 in patients with early to mid-stage Huntington disease.

INC Research will perform the Services as specified in Attachment A to this Work Order.

2. **PROJECT SCHEDULE:** The major project milestones and target dates are described in Attachment B to this Work Order. Both parties agree that the Project Schedule is a reasonable schedule for the Services to be performed and will put forth all reasonable efforts to comply with these dates.

3. **COMPENSATION AND EXPENSES:** Sponsor shall pay the fees for INC Research's Services in accordance with the Project Budget and Payment Schedule provided in Attachment C of this Work Order. INC Research shall invoice Sponsor for taxes or duties actually incurred by INC Research which are imposed upon INC Research by any governmental agency, including, but not limited to Value Added Tax, Stamp Tax, and/or General Sales Tax, as a result of this Agreement with the exception of taxes based on INC Research's income.

4. **NOTICES AND PAYMENTS:** All communications, notices and payments required under this Work Order shall be mailed by first class mail, postage prepaid, or by overnight carriers, to the respective parties at the addresses set forth below, or to such other addresses as the parties may from time to time specify in writing.

If to Sponsor:

Carolyn Stone
Clinical Program Manager
Prana Biotechnology Limited
Level 2
369 Royal Parade
Parkville VIC 3052 Australia
cstone@pranabio.com

Cc: Caroline Herd
cherd@pranabio.com

If to INC Research:

For Communications:

Contracts Management
INCResearch Australia Pty Limited
124 Lipson Street
Port Adelaide SA 5015 Australia
Phone: +61 (0) 8 7202 1500
Facsimile: +61 (0) 8 7202 1599

For Payments (Via Wire):

Beneficiary Bank:	HSBC Bank Australia Ltd
Beneficiary Bank Address:	Ground Floor, 55 Grenfell Street Adelaide SA 5000, Australia
Account Name:	INCResearch Australia Pty Limited
BSB (Routing Number):	
Account Number:	
Swift:	

5. **TRANSFER OF OBLIGATIONS:** Sponsor assigns the responsibilities pertaining to the Study to INC Research as indicated in Attachment A, Services,

IN WITNESS WHEREOF, the undersigned have caused this Work Order to be executed by a duly authorized individual on behalf of each requisite party effective as of the day and year last written below. In the event that the parties execute this Work Order by exchange of electronically signed copies or facsimile signed copies, the parties agree that, upon being signed by both parties, this Work Order shall become effective and binding and that facsimile copies and/or electronic signatures will constitute evidence of the existence of this Work Order with the expectation that original documents may later be exchanged in good faith. Thereafter, the parties agree that in connection with request for information that either party may need from the other related to the Services provided hereunder, both parties expressly permit communication via facsimile to the extent allowed by applicable laws and regulations to be disseminated in that manner.

Prana Biotechnology Limited

By: 
Name: Dianne Angus
Title: C.O.O.
Date: 27-3-2013

INCResearch Australia Pty Limited

By: 
Name: Garth Tierney
Title: Regional General Manager, Australia and South East Asia
Date 28/3/2013

IN WITNESS WHEREOF, the undersigned have caused this Work Order to be executed by a duly authorized individual on behalf of each requisite party effective as of the day and year last written below. In the event that the parties execute this Work Order by exchange of electronically signed copies or facsimile signed copies, the parties agree that, upon being signed by both parties, this Work Order shall become effective and binding and that facsimile copies and/or electronic signatures will constitute evidence of the existence of this Work Order with the expectation that original documents may later be exchanged in good faith. Thereafter, the parties agree that in connection with request for information that either party may need from the other related to the Services provided hereunder, both parties expressly permit communication via facsimile to the extent allowed by applicable laws and regulations to be disseminated in that manner.

Prana Biotechnology Limited

By: 
Name: Dianne Angus
Title: C.O.O.
Date: 27-3-2013

INCResearch Australia Pty Limited

By:
Name: Garth Tierney
Title: Regional General Manager, Australia and South East Asia
Date:

ATTACHMENT A
Services

Project Specifications

GENERAL	
Drug Name	PBT2
Indication	Huntington Disease
Phase	II
PROJECT MANAGEMENT	
Number of Sponsor Teleconferences	12 x 1 hour Teleconference monthly Up to 4 Face to Face meetings if needed
STATISTICAL ANALYSIS/MEDICAL WRITING	
Number of Statistical Analyses	19
Number of Unique Tables/Listings/Figures for Final Analysis	14 Unique Tables / 38 Listings / 36 Figures
Number Replicate Tables for Final Analysis	20 Replicate Tables
Import of Biomarker, PK, ECG and Imaging data	2 transfers for each data type
Final Deliverable	Final Analysis Sets and Clinical Study Report
AUDIT SERVICES	
Number of Countries	2 (USA & Australia)
Number of Audits	2 X GCP Audit & 1 X Vendor Audit
Travel Expense	The travel cost and travel time will depend upon the location of sites and external service provider selected.

	ACTIVITY	Prana	INC Research
1.	**Pre-Trial Regulatory Filing/Country Level**		
1.1	Compile relevant regulatory documents	X	
1.2	Obtain regulatory approval	X	
1.3	Answer regulatory queries	X	
1.4	Manage interactions with regulatory authorities	X	
2.	**Study Documents Preparation/Study Docs**		
2.1	Design Study	X	
3.	**Protocol Versions**		
3.1	Write protocol	X	
3.2	QC approved protocol	X	
3.3	Print final protocol copies in English	X	
3.4	Final protocol translations and certification	X	
3.5	Printing of translation of protocol	X	
4.	**Study Guide Versions**		
4.1	Prepare study procedures manual	X	
4.2	Print study procedures manual	X	
5.	**Investigator Brochure & Study Aids**		
5.1	Prepare Clinical Investigator Brochure	X	
5.2	Print Clinical Investigator Brochure	X	
5.3	Prepare study aids	X	
5.4	Print study aids	X	
6.	**Informed Consent Form**		
6.1	Write template Participant Information Sheet (PIS) and Informed Consent Form (CF)	X	
6.2	Review site specific PIS and ICF	X	
6.3	Translations of PIS and ICF	X	
7.	**Participant Diaries**		
	Pre-Study Preparation and Recruitment/Study		
7.1	Design and finalise diary cards or equivalent	X	

7.2	Translate diary cards	X
7.3	Print diary cards	X
7.4	Site/Sponsor Trial Master File organisation	X
7.5	Prepare study site files	X
7.6	Print study site files	X
8.	**Evaluation Visits**	
8.1	Identify trial sites	X
8.2	Select Site investigators	X
8.3	Evaluate trial site	X
8.4	Prepare and finalise confidentiality agreement for investigators	X
8.5	Pre-study visits	X
9.	**Negotiation Visits**	
9.1	Prepare, negotiate and execute site contractual agreement and budget.	X
10.	**Ethics**	
10.1	Preparation/Co-ordination of IEC/IRB submission	X
10.2	Investigator/Patient indemnity agreement	X
10.3	Obtain Local IEC/IRB approval	X
10.4	Pay Ethics Committee	X
11.	**Investigator Meetings**	
11.1	Planning/ Administration of Investigator Meetings	X
11.2	Prepare Investigator Meetings Binders/ materials	X
11.3	Attendance/Input at Investigator Meetings	X
11.4	Train Investigator and Site Personnel	X
12.	**CRO Training/Trainings**	
12.1	Administration and responsibility for monitor training (SOP, protocol, IMP)	X
12.2	Attendance/input for monitor training	X
13.	**Project Management**	
13.1	Administer and track site payments	X
13.2	Collect pre-study documents e.g. 1572s, CVs, IEC/IRB approvals	X
13.3	Development & maintenance of project databases	X

13.4	Preparation of status reports	X	
13.5	PM Meetings & telephone contacts with Prana		X
13.6	Establishment & maintenance of project files -statistical & CSR only		X
13.7	Periodic budget & contract review	X	X
14.	**Safety/ Pharmacovigilance**		
14.1	24/7 Medical Monitor Hotline	X	
14.2	Generate data for Annual Safety Report (if applicable)	X	
15.	**Central Laboratory**		
15.1	Identification of Central Laboratories	X	
15.2	Pre-Qualification Audit of Central Laboratories	X	
15.3	Selection of Central Laboratories	X	
15.4	Payment of Central Laboratories	X	
15.5	Management of Central Laboratories	X	
15.6	Organise Project Teleconferences	X	
15.7	Provide status reports	X	
15.8	Review of clinical laboratory data	X	
15.9	Lab Data transfer to study database	X	
16.	**Audits**		
16.1	Conduct of GCP audit		X
16.2	QA site audits (as per audit plan)		X
16.3	Final QA audit of report, database, sites (if required) and systems		X
17.	**Site Initiation Visits/Initiation Days**		
17.1	Conduct site initiation visits & provide written reports	X	
18.	**Site Monitoring/Monitor Days**		
18.1	Monitor sites regularly (per GCP)	X	
18.2	Source data verification (SDV) of CRFs	X	
18.3	Provide written monitoring reports	X	
18.4	Review Monitoring Visit Reports	X	
18.5	Perform Drug/Accountability at Site	X	
19.	**Site Close-Out**		
19.1	Perform final drug accountability	X	
19.2	Disposal of unused supplies	X	

19.3	Conduct site close-out visit & provide written reports	X	
20.	**Site management/Site Months**		
20.1	Telephone sites as required	X	
20.2	Shipment and tracking of completed CRFs to Data Management (if applicable)	X	
20.3	Provide status reports	X	
21.	**IMP Packaging and Distribution/Completed Pts**		
21.1	Supply IMP to Clinical Trial Supply ESP	X	
21.2	Source and supply of ancillary clinical trial supplies	X	
21.3	Shipment and co-ordination of IMP to sites	X	
21.4	Drug tracking: Sponsor → Sites → Destruction	X	
22.	**Case Report Form**		
22.1	Select EDC Vendor	X	
22.2	Design of eCRF	X	
22.3	QC approval of eCRF	X	
22.4	QA approved eCRF	X	
22.5	Print eCRFs in English (If applicable)	X	
22.6	Translation of eCRFs	X	
22.7	Prepare eCRF Instruction Manual	X	
23.	**Date Clean-Up/eCRF Pages**		
23.1	Issue CRF Queries	X	
25.	**Data Management**		
25.1	Data entry	X	
25.2	Medical coding (MedDRA & WHO)	X	
25.3	Data Validation: CRF pre-entry review	X	
25.4	Data Validation: Running validation programs	X	
25.5	Data Validation: Query resolution, handling, editing	X	
25.6	Data QC/Report	X	
25.7	Reconciliation of SAEs	X	
25.8	Transfer Laboratory Data	X	X
25.9	Database lock	X	
26.	**Statistics**		

26.1	Statistical input into study design	X	
26.2	Prepare and finalise Statistical Analysis Plan		X
26.3	Perform statistical analysis		X
26.4	Prepare statistical text for inclusion in the Clinical study report		X
26.5	QA checks of statistical text		X
27.	**Clinical Study Report**		
27.1	Approval of Style Manual for Clinical Study Report	X	
27.2	Prepare ICH format Clinical Study Report		X
27.4	Validation of any data conversion		X
27.5	Validation of data transfer		X
27.6	Review of CSR drafts (x2)	X	X
27.7	Provide final copy of ICH format Clinical Study Report (Word & PDF), including all appendices		X
27.8	QC of Clinical Study report		X
28.	**Archiving**		
28.1	Assistance with archiving of Investigator Study file if required.		X
28.2	Database – final archiving	X	

ATTACHMENT B
Project Schedule

Timelines

Start Date	**End Date**
1st January 2013	1st January 2014

Total - 12 Months

ATTACHMENT C
Project Budget and Payment Schedule

Total Cost Summary (AUD)	
Direct Costs	**$ 173,754.00**
Pass-Through Costs	**$ 2,310.00**
TOTAL PROJECT COST	**$ 176,064.00**

Goods and Services Tax (GST)

In Australia all goods and services are subject to GST of 10%. Unless otherwise specified, fees are expressed as exclusive of Goods and Services Tax (GST). Where fees are GST exclusive and INC Research is liable to pay GST in respect of any Services provided pursuant to this Agreement, INC Research may add the GST amount to invoices provide to Sponsor for the Services. Provided that the relevant invoice complies with the requirements of a tax invoice to enable Sponsor to claim a credit or refund of GST, Sponsor shall pay the GST amount at the same time and in the same manner as other amounts invoiced under this Agreement.

Where the services are directly contracted by an overseas Sponsor GST will not be applicable.

Project Costs and Payment Schedule

INC Research's study budget includes inflation for annual wage/earnings increases at a rate of three percent (3%). If a subsequent change in scope necessitates a revision to the study timeline, any inflationary adjustment will be delineated in applicable invoices as a separate line item rather than embedded in the affected unit price.

All services will be invoiced on a unit basis as per the proposed direct cost estimate budget.

Upon execution of this Work Order, Sponsor shall make a payment of AUD $34,302.00 (20% of the total direct costs). Thereafter, INC Research will invoice Sponsor on a monthly basis for actual units completed and reconciled at the end of the study.

If services requirement exceeding those specified in the cost estimate are required then written approval will be obtained from the Sponsor before conducting the additional services.

Indirect costs will be invoiced separately on a monthly basis.

As some of the study pass-through expenses may be incurred in a currency other than AUD, pass-through expenses will be invoiced to Sponsor in AUD based upon actual invoices, and subject to the exchange rate published in oanda.com at the spot rate on the day the expense is invoiced by INC Research.

INC Research shall provide Sponsor with itemized invoicing of all expenses and fees. Undisputed invoices are payable within 30 days of date of Sponsor's receipt of invoice as per MSA clause 12.

Direct Costs

Service/Item	Comments	Responsibility	Unit	Unit Cost (AUD)	Number of Units	Item Cost	ALD$
Data Management & Statistics							
Project familiarization	Arrange test data extract from database, assess data structure and data quality. Receive final transfer from HSG	Clinical Programmer	1hr	108	16.00	1,728	
HSG Meeting (USA)	Three days of meetings plus travel time. (Jan Steyn or Melanie Bailey Tippetts and Peter Fursdon). Travel & accommodation arranged by Prana		40hrs per person	8000	2.00	16,000	
Database design	Review annotated CRF and database specification documentations	Clinical Programmer	0.5hr/dataset	30	25.00	750	
Data Validation Manual	Review DVM text/data management plan specifying edit checks	CDA	40hrs	104	16.00	1,664	
Import BM, PK, ECG and immunology data	Electronic transfers of Biomarker, PK, ECG and MRI data (Data transfer plans, test transfers & final transfers)	DBA	1 lab source	1122	4.00	4,488	
Statistical Analysis Plan (SAP)	Includes text and table and listing shells	Statistician	1 SAP	9426	1.00	9,426	
Identify Protocol Deviations and define Analysis populations	Unblinding, Protocol deviations and Definition of populations	Statistician	I study	1600	1.00	1,600	
Analysis Datasets	Specification, Programming & QC	SAS Programmer	1 study	21294	1.00	21,294	

Service/Item	Comments	Responsibility	Unit	Unit Cost (AUD)	Number of Units	Item Cost	AUD$
Production of Tables & Listings	14 Unique tables. Cost per extra $1014 20 Repeat tables. Cost per extra $338 36 Figures, Cost per extra $592 38 Listings. Cost per extra $422	SAS Programmer	1 study	52221	1.00	52,221	
Statistical Analysis	19 analysis endpoints. Cost per extra $424	Statistician	1 analysis endpoint	424	19.00	8,056	
Input to Final report	Text for inclusion in study report	Statistician	1 Study	5088	1.00	5,088	
Unit based Data Management Costs	Program consistency check	Clinical Programmer	1 check	60	1.00	60	
Unit based Data Management Costs	Raise manual data query	CDA	1 query	52	1.00	52	
						Subtotal	**$122,427**
Medical Writing							
Clinical Study Report (CSR)		Medical Writer	per CSR	25418	1.00	25,418	
						Subtotal	**$25,418**
Quality Assurance - Site Audits							
Quality Assurance Site Audits	GCP Audits preparation time	QAA	Site Audit	1314	2.00	2,628	
	GCP Audits on-site	QAA	Site Audit	2628	2.00	5,255	
	GCP Audits report preparation	QAA	Site Audit	1971	2.00	3,941	
	GCP Audits travel time	QAA	Site Audit	1570	2.00	3,140	
	Review of Audit reports	QAA	Site Audit	443	2.00	886	
QA Audit of Vendor(s)		QAA	Audit	10059	1.00	10,059	
						Subtotal	**$25,909**
						TOTAL	**$173,754**

Pass-Through Costs

Expense/Item	Comments	Unit Cost (AUD)	Number of Units	Item Cost AUD$	AUD$
Site Visits					
Travel Costs (flights/accommodation/taxis)		$l,155/visit	2	2,310	
				Subtotal	**$2,310**
				TOTAL	**$2,310**

Change Orders/Changes in Scope

INC Research's participation in this study is based upon the parameters outlined in Attachment A - Services and Attachment B - Project Schedule. Unless otherwise specified in this Work Order, all study Services will be performed under the INC Research Standard Operating Procedures (SOPs). If the scope of the study varies from these study parameters, a Contract Modification (CM) may be necessary. A CM may be due to, but is not limited to, the following project specific situations that change the study parameters (i.e., timeline , number of subjects or sites) or the scope of work (i.e., additional services; tasks for current services; or costs for current services are modified). These changes in scope may modify the time or costs (direct or indirect) required to complete the study. Requests to engage additional contractors or to incur additional costs with existing contractors engaged by INC Research are considered changes in scope. Accordingly, negotiating efforts to secure confidentiality agreements and service agreements with newly engaged contractors are also considered changes in scope.

Once a CM is identified, INC Research will log the out-of-scope activities in a Change Order Log and obtain written acknowledgement from the Sponsor confirming the scope of the possible CM. Once the out-of-scope services reach an estimated 3% of direct project costs (or $10,000, whichever is reached first), a Change Notification Form (CNF) will be submitted to the Sponsor for verification of the project change and to determine if INC Research should wait to begin out-of-scope trial activities or continue while good faith negotiations move towards an executed Change Order (CO).

A CO shall be completed once the following threshold amount is reached (which is based on the original contract value of the study).

- $100,000 threshold if contract value is less than $3,000,000; or
- $300,000 threshold if contract value is over $3,000,000.

If out of scope activities do not reach the threshold amount for longer than 180 days since the first CNF or particular CO was initiated, then a CO shall be issued once the time threshold is reached.

If out of scope activities do not reach the value or time thresholds prior to end of study, then a CO shall be issued and signed by Sponsor prior to release of the final project deliverable.

[1] An increase in the study timeline may increase the inflation calculation. Change orders will only address an increase in costs due to inflation for uncompleted activities if the study timeline is pushed into a new calendar year

WORK AUTHORISATION
Reference: WA002 (PBT2-204)

This Work Authorisation is between Prana Biotechnology Limited of Level 2, 369 Royal Parade, Parkville, VIC 3052, Australia (hereinafter "Customer") and INCResearch Australia Pty Limited ACN 080 425 387 & ABN 67 080 425 387, 124 Lipson Street, Port Adelaide 5015 SA (hereinafter "INC") and relates to the Master Services Agreement dated 28th September 2011, (the "Master Agreement"). Pursuant to the Master Agreement, INC has agreed to provide certain services in accordance with written work authorisations, such as this one, entered into from time-to-time describing such services.

Study Title: **Randomised, Double-blind, Placebo-controlled, Parallel-group, Phase 2 Study to Evaluate the Effect of One Dose of PBT2 (250mg daily) for 52 Weeks on Aβ Deposition in the Brains of Patients with Mild Alzheimer's Disease Compared to Placebo and to Evaluate the Safety and Tolerability of PBT2 (250mg daily) for 52 Weeks in Patients with Mild Alzheimer's Disease**

The parties hereby agree as follows:

1. Work Authorisation. This document constitutes a "Work Authorisation" under the Master Agreement and this Work Authorisation and the services contemplated herein are subject to the terms and provisions of the Master Agreement.

2. Services and Payment of Fees and Expenses. The specific services contemplated by this Work Authorisation (the "Services") and the related payment terms and obligations are set forth in the following attachments, which are incorporated herein by reference:

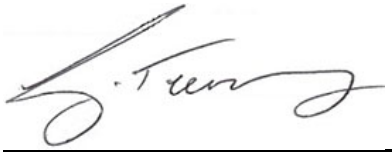
SCOPE OF WORK	ATTACHMENT 1
PROJECT BUDGET & SCHEDULE OF PAYMENT	ATTACHMENT 2

3. Term. The term of this Work Authorisation shall commence on the 28th September 2011 and shall continue until 31st December 2013, unless this Work Authorisation is terminated in accordance with the Master Agreement or extended by written agreement.

4. Amendments. No modification, amendment, or waiver of this Work Authorisation shall be effective unless in writing and duly executed and delivered by each party to the other.

5. Currency Exchange. All amounts are stated in Australian Dollars (AUD). This will also be the prime currency for invoicing and payment on this project.

ACKNOWLEDGED, ACCEPTED AND AGREED TO:

Prana Biotechnology Limited		INCResearch Australia Limited	
By:		By:	
Name:	Dianne Angus	Name:	Garth Tierney
Title:	Chief Operating Officer	Title:	General Manager
Date:	2 April 2012	Date:	18 April 2012

WA002 PBT2-204 (800089) V4, 2nd April 2012

Attachment 1:
SCOPE OF WORK

1. ASSUMPTIONS-SERVICES

1.1 General Assumptions

GENERAL	
Phase	II
Number of Study Sites + Location	3 sites in Melbourne
Number of Subjects Screened	Not Specified
Number of Subjects Randomised	40
Local Study Sponsor - Australia	Prana
SOPs to be Used	INC
CLINICAL	
Site Identification	Sites have been identified by Prana
Investigator Meeting (length, location)	1 day meeting in Melbourne
Monitoring Frequency or Total No. Visits/Site	13 one-day visits per site
Paper or eCRF	Paper
No. CRF pages/Subject	80 pages
% SDV	100
Monitor Location	Melbourne
Project Manager	Prana
SAFETY REPORTING and MEDICAL MONITORING	
No. (%) of SAEs Expected	Assume 1
SAEs Initially Reported to...	INC
SAE Reporting to Local Regulatory Authority	INC
Medical Monitor	Prana (INC as back up)
BIOMETRICS	
CRF Design	INC
Medical Coding of Adverse Events	MedDra
Medical Coding Medications	WHO Drug
Data Entry	Double DE
Number of Datasets	25
No. of Check Programs per panel	7
Expected Query rate	7 queries per 100 pages
Laboratory data	Central labs: Safety data (electronic) Local labs: None
Exports	2 (draft and final)
Frequency of Reporting	Monthly Data Management Metrics
DSMC requirements	3 (10%, 40%, 70%)
Statistics tasks	Input to Protocol, Randomisation, Statistical Analysis Plan, Statistical Analyses, DSMB, Statistical Text for CSR

1.2 Timelines Assumptions

Timelines	Start	End
Start-up	1-Oct-11	10-Oct-11
Recruitment	11-Oct-11	10-Jun-12
Treatment	11-Jun-12	10-Jul-13
Follow-up	11-Jul-13	10-Aug-13
Study Conduct	11-Oct-11	10-Jul-13
Close-out	10-Aug-13	10-Oct-13
Total Duration	**1-Oct-11**	**10-Oct-13**

In the event that any of these tasks cannot be completed by the End dates above, INC will notify the Customer immediately, providing:

reasons for the delay;
revised End dates;
any impact on costs; and
where any delay is caused by INC due to factors within their control, the Customer requires INC to show how any lost time can be made up.

The Customer acknowledges that, subject to clause 33, INC and the Customer will meet to agree any additional costs for any delays that INC can establish to, the Customer's reasonable satisfaction are outside of the control of INC.

1.3 Detailed Transfer of Responsibilities

ACTIVITY	Customer/ Third Party	INC
Study Start-up Activities		
Study Sponsorship – Australia	✓	
Protocol Development	✓	
Approval and Authorisation of Final Protocol	✓	
Patient Information Sheet & Consent Template Development	✓	
Creation of Study Manual/Monitoring Guidelines		✓
List Trial on Public Register e.g. ANZCTR, Clinicaltrials.gov	✓	
Conduct Internal Team Kick-Off Meeting		✓
Investigator/Site Identification	✓	
Approval of Final Investigator's/Sites	✓	
Finalise Clinical Trial Agreements	✓	
Creation and Collection of Essential Documents		✓
Conduct Pre-study/Site Qualification Visits	NA	NA
Complete Ethics Submissions and Follow-up	✓	
Respond to Issues Raised by the Ethics Committee	✓	
Regulatory Submissions (CTN)	✓	
Import/Export Permit Handling	✓	
Investigator's Meeting		
Attend Investigator's Meeting	✓	✓
Present at Investigator's Meeting	✓	✓
Organise Investigator's Meeting	✓	

ACTIVITY	Customer/ Third Party	INC
Investigational Product (IP)		
IP Packaging and Labelling	✓	
IP Storage	✓	
IP Distribution	✓	
IP Accountability		✓
IP Destruction	✓	
Site Visits		
Site Initiation Visits		✓
Monitoring Visits		✓
Unblinded Monitoring Visits	NA	NA
Close-out Visits		✓
Completion of Visit Reports		✓
Site Management		
Site Management		✓
Project Management		
Project Management (Local)	✓	
Project Tool Development	✓	
Create Master Study Files	✓	
Maintenance of Master Study Files During Study	✓	
Create Investigator In-house and Site Study Files	✓	
Maintain In-house Investigator Study Files During Study	✓	
Manage and Make Payments to Investigators/Sites	✓	
Produce/Distribute Newsletters	✓	
Archiving of Study Files Post-study	✓	
Safety Reporting & Medical Monitoring		
Initial Receipt and Handling of SAEs		✓
Medical Review of SAEs & Narrative Creation		✓
Reporting to Local Regulatory Authority		✓
Follow-up of SAEs		✓
Creation and Distribution of Investigator Notification Letters		✓
Six-monthly SUSAR Line Listings		✓
Annual Update of IB or Annual Safety Report (EU	✓	
Medical Monitoring	✓	✓ (back up)
Biometrics		
Data Mgt – CRF Design and Development	✓	✓
Data Mgt – CRF Approval	✓	
Data Mgt – Database Design and Build		✓
Data Mgt – Database Consistency Check Programming		✓
Data Mgt – Data Validation Manual/Data Management Plan		✓
Data Mgt – Data Entry		✓
Data Mgt – Medical Coding		✓
Data Mgt – Quality Control		✓
Data Mgt – Generation of Data Queries		✓
Data Mgt – Delivery of Clean Verified CRFs to Customer		✓
Statistics – Sample Size Determination	✓	

ACTIVITY	Customer/ Third Party	INC
Statistics – Input to Protocol	✓	
Statistics – Generation of Randomisation Schedule and Provision of Randomisation Envelopes.		✓
Statistics – Statistical Analysis Plan		✓
Statistics – Produce Tables, Figures and Listings		✓
Statistics – Interim Analysis		✓
Statistics – Analysis and Reporting		✓
Medical Writing		
Provision of Top Line Data/results 4 weeks post database lock		✓
Provision of draft Clinical Study Report 7 weeks post database lock		✓
Provision of final Clinical Study Report 10 weeks post database lock		✓

Service & Expense Assumptions are as per agreed Proposal and Cost Estimate, version 5, dated 15th September 2011.

Study Start up and Document Management

- Study training/kick-off/familiarisation is included to train the project team on the following:-
  - Protocol
  - Investigators' Brochure
  - Therapeutic Area Training (by INC's Chief Medical Officer whose time is a value add service not charged to our Customers)
  - SOPs
  - CRF
  - Monitoring Guidelines

An internal INC kick-off meeting will be held via teleconference at the beginning of the project for all members of the INC study team.

- Customer kick-off meeting: The Customer will provide training for the CRA(s)/study team on the following;
- Study protocol
- Investigational product
- CTMS (if applicable)
- Relevant client procedures or plans
  (Amount of time to be discussed and agreed between INC and the Customer).

- A Study Manual/Monitoring Manual will be produced for this study. This may include explanations of the following, but will vary depending on the Customer's and the study requirements; applicable SOPs, communication procedures, initiation and monitoring visit procedures and reporting, source document verification (SDV) guidelines, protocol violation procedures, AE and SAE recording, concomitant medication recording, screen failures, withdrawals and early termination visits, investigational product (IP) handling, query resolution.

- Clinical Trial Notification (CTN) Handling – Prana will complete all forms and arrange submission of the regulatory applications to the relevant health authorities Therapeutic Goods Administration.

- Ethics committee submissions includes Pl/consent customisation, completion of application, coordination of copies, coordination of any follow up required. Prana will be responsible for this task.

- A 1.5 day Investigator's meeting is scheduled in 2011, which will be organised by Prana. This will include a session for training the INC team.

- Limited time has been allocated for the preparation of presentations. This will be a shared responsibility between the Customer and INC. Additional time may be required depending on the nature of the presentations that INC is required to develop.

Study Conduct and Monitoring

- Study initiation visits include visit preparation, time on site, report completion after visits, follow-up correspondence with sites, post visit document handling and issue resolution.

- Monitoring Visits
  It has been calculated that 39 monitoring days onsite will be required. This calculation is based on 40 patients, 100% SDV and an 80 page CRF. This assumes that it is possible to monitor an average of 85 CRF pages/day. It has been assumed that monitoring visits includes visit preparation, time on site, report completion after visits, follow-up correspondence with sites, post visit document handling and issue resolution.

- Due to the varying rates of enrolment across sites, the INC Project Manager will have the discretion to reallocate monitoring visits across and between all sites as required. The number of monitoring visits will be assessed on an ongoing basis to determine if more or less monitoring visits are required. This will be discussed and agreed with the Customer on an ongoing basis.

- Close-out visits includes visit preparation, time on site, report completion after visits, follow-up correspondence with sites, post visit document handling and issue resolution.

- CRA site management includes: ongoing communications with study sites, regular contacts with site between visits, communications with the Project Manager and the Customer, issue resolution between visits, management of study files and liaison with data management.

Project Management

- Project Management will be handled by Prana.

- Teleconferences - It has been assumed that there will be monthly teleconferences for the project team for the period (October 2011 – October 2013).

Safety Reporting and Medical Monitoring (Optional Service)

- SAE reporting process (To be confirmed).
  SAEs will be reported directly to INC. INC will then conduct a medical review of the SAE and provide a final report to Prana. INC will be responsible for reporting the SAE to the local regulatory authorities.

- For the purposes of this proposal, it has been assumed there will be a total of 1 SAE during the course of the trial which is reportable event. There will be 1 SAE Follow up. This provides a unit cost, in the case that there are more SAEs/reportable events and/or follow-ups these will be billed to Prana.

- The INC Safety Officer will be responsible for the development of a study specific SAE Flow Chart. This will involve liaison with Prana's Safety Officer or Department.

- Safety administration – includes familiarisation, set-up, correspondence, tracking, customer liaison, filing, study completion and archiving and has been estimated from October 2011 – July 2013.

- Investigator notification letters – Includes preparation and oversight

- The Medical Monitor will be provided by Prana. If required INC can provide a Medical Monitor on a retainer for an additional monthly fee, this will include professional advice in relation to inclusion/exclusion criteria, therapeutic area and review and narrative creation of SAEs.

Data Management

CRF Design
INC will design the CRF using the final protocol and its associated schedules and employing INC's set of standard pages combined with any example CRF pages provided by the client. Modules of the CRF will be drafted and once agreed will be replicated according to the study visit schedule to form the complete book. When the complete book is assembled navigation prompts will be added to form the final CRF.

The CRFs will be printed as 3 part NCR to provide for original, data management and site copies.

Database Design and Build
A database will be designed employing an annotated CRF which will detail on a blank CRF all database fields, code lists and database structures. This will be presented to the client in PDF format for approval prior to commencement of database build. The design of the database will be to INC internal database standards or CDISC (conversion to be costed).

INC will perform all necessary programming tasks, including developing and testing the database modules, data entry screens and code lists. The database will be maintained until conclusion and archive of the study.

Data Validation Manual (DVM)
INC will prepare a Data Validation Manual. This will include detailed descriptions in the following categories, as applicable for the project:

- CRF tracking and filing guidelines
- Data entry guidelines
- Pre-review guidelines
- List of electronic edit checks to be performed
- List of self-evident corrections and abbreviations
- Electronic data integration plan
- Local safety laboratory data handling procedures
- Medical coding guidelines
- Serious adverse event reconciliation guidelines
- Quality control plan
- Query reconciliation plan

The Data Validation Manual will be forwarded to the Customer for authorization prior to the commencement of data processing for the study.

Consistency Check Programming
After the Data Validation Manual has been authorized INC will develop the consistency check programs. Programs will check for problems with structural integrity, missing data, the logical consistency of data and the reasonability of data against set upper and lower ranges. In addition, listings will arrange data in convenient order so that cross checks of adverse events and other study data can be conducted as a back up to the CRA's manual review.

Approximately 140 electronic CRF consistency checks as agreed with the Customer will be programmed. In addition 35 structural checks and manual listings will be programmed as required.

For appropriate checks (specified in the Data Validation Manual), output will be produced in the form of data query forms ready for review by the Clinical Data Associate. For others the output will be in the form of discrepancy listings which will be reviewed in full by the Clinical Data Associate.

All programming will be fully QC'd and validated using data entered into a test database prior to the programs being applied to the production databases.

Data Entry
Prior to data entry the completed CRF pages will be pre-coded (as defined in the data validation guidelines) by INC to allow efficient and timely entry of the data. The data will then be entered into the project database using validated data entry guidelines. The data entry will be via the entry and verification technique. This will involve entry by two independent data entry clerks.

Electronic Data
Electronic data for the study will be identified. For this project safety data is expected.

During the database setup process a data transfer specification will be prepared for each electronic source of data. This will describe the agreed format of the data to be transferred, the frequency, the data structure and whether partial or cumulative transfers are expected. The transfer plan will be signed off by INC and the third party supplier. INC will seek one test transfer of data from the supplier and confirm that the data is being transferred in the agreed format prior to production transfers being received.

Upon receipt of electronic data INC will check the file for structural integrity and cross check it with relevant CRF data. Any discrepancies found will be queried for resolution with the supplier and/or the investigator.

Query Management

Upon successful entry of the data consistency checks will be run regularly across the database. We will review the data for completeness, logical consistency and reasonability of numeric values. We will also perform a manual review of key safety data – particularly adverse events and medications. Any discrepancies found will assessed and where necessary data queries issued. All queries will be provided to clinical operations for resolution with the study site.

All queries will be uniquely numbered and tracked electronically. On receipt of resolved queries, the Clinical Data Associate will update the query log, then, edit the database and CRF as appropriate.

Computer generated query resolution is an ongoing process that begins when the first CRF is received and processed, and continues through to study completion.

Medical Coding

Medical coding of adverse events will be conducted employing the MedDRA 14.0 coding dictionary. Coding of medications will be conducted using the WHO drug dictionary Q2, 2010.

Auto-encoders will be created for the study to code all unique adverse event terms and medications. This means that common terms are coded directly from the dictionary and repetitive terms only need to be coded once. Coding commences with the clarification of any unclear adverse event or medication terms. This may involve the use of data queries. When all terms are clear the medical coder will undertake the medical coding utilizing the auto-encoder. After events and medications are coded listings of coded items are submitted for medical review and any miscoding updated. Clients may also be involved in this review process according to their preference.

Quality Control

Patient's data will be checked according to the QC plan which will be fully detailed in the Data Validation Manual. For this study it is proposed that 100% of CRF pages be compared to the database for 10% of the patients. In addition a 100% QC of all critically defined data will be conducted as patients become frozen awaiting lock.

Database Lock

At the end of data processing, when all queries have been resolved and SAE reconciliation completed the database will be frozen. Before the database lock a final error rate will be calculated. If above 0.1% then an additional 10% of data will be QC'd and the error rate recalculated. If the error rate is still above 0.1 then 100% of the data is QC'd. When the QC has been satisfactorily completed and authorization has been received from the Customer, the database will be locked.

Statistics

A randomization schedule will be generated programmatically and provided as a master list to authorized personnel. Individual subjects' blind break envelopes will be provided to the PI.

A draft Statistical Analysis Plan (SAP) will be prepared in accordance with SOPs and will include specifications for all tables, listings and figures to be produced. This will also detail how the study population will be defined for the study and how key efficacy and safety data will be analysed.

The Customer will review the draft SAP and any feedback/review will be incorporated into the final analysis plan, which will be approved by the Customer prior to the statistical analysis.

After the SAP is finalized the analysis datasets will be defined and programmed.

After database lock a review of the data and protocol violations will be conducted and patients allocated to the study populations applicable for the study.

The study blind will be broken and we will perform the SAS programming and QC processes and produce the agreed tables, listings and figures.

The statistician will analyse the data using the methods agreed in the SAP; determine the statistical results for the study, and provide text for inclusion in the study report.

A maximum of 35 tables (15 unique and 20 repeat formatted tables), 35 associated listings, 0 figures and 10 analysis endpoints are budgeted using SAS V9.2.

A Data Safety Monitoring Committee will meet after approximately 10%, 40% and 70% of total study treatment has occurred. It is anticipated that listings as described in the SAP for the final analysis will be able to be produced for these meetings. However extra programmed listings can be provided (as required) according to the unit cost of listings in the study budget.

At the end of the study INC will prepare a final statistical package including:

- Final Statistical Analysis Plan
- Tables, figure, and listings, in an industry-common electronic format, such as SAS, Adobe PDF or Microsoft Word, that will be mutually agreed upon prior to the transfer.
- A summary and list of protocol deviations and other anomalies known to INC staff.

INC will provide the transfer on CD-R media

Medical Writing (Optional Service)

- The final Clinical Study Report (CSR) for this study will be to International Conference on Harmonisation (ICH) format taking into account any relevant guidelines. The expected length of the report is 30-40 pages of prepared text plus tables and listings as appendices.

- We assume one review cycle (i.e., an initial draft report is prepared for client review and following receipt of Customer comments a final report can be issued).
- We assume that the final report is delivered to the customer in an electronic format.
- Prana may wish to include an optional of 8 hours QA review. A quality control check is automatically incorporated.
- Additional services (e.g., full electronic compilation) can be provided at additional cost

It is only possible to provide estimates for Medical Writing services at this stage. We will discuss specific requirements with Prana so that we can that we can tailor our services to meet the Prana's needs. Due to the nature of Medical Writing the time required to complete a project depends on a number of factors including the CSR template to be used, the length of a document, the complexity of the study, the nature of the study results and the amount of supporting literature provided by the Customer.

The CSR can be developed using a client-provided CSR template if requested by the client but the use of INC's CSR template has been costed in this proposal.

Expense Assumptions

INC will always obtain the best possible prices to minimise expenditure. Expenses are invoiced separately on a pass through basis and relevant receipt copies are always included, except for general expenses, as outlined below. All amounts specified are in Australian dollars.

Customer Project Team Meeting

- INC assumes that the Customer Project Kick-off meeting will be held in Melbourne, and therefore, there will be no travel expenses.

Investigator's Meeting Expenses

- An Australian investigator meeting will be held in Melbourne.

Travel Related Expenses (Airfares/Accommodation/Taxis)

- As all monitoring will be regionalised there are no travel related expenses for site visits.

Site Visit Expenses (Parking/Meals/Tolls/Incidentals)

- An allowance of $50 per day has been estimated for site visits.

General Expenses/Other

- Costs related to couriers, and teleconference call will be passed though at cost.
- A general expense has been calculated to include photocopying (excluding ethics submission copying), stationery (files), express post costs, standard postage and communications (excluding teleconferences). This will be billed at a set rate for the duration of the study.
- CRF printing – this has been estimated at $2,500, assuming this will be on 3 part no-carbon required (NCR) paper.

Attachment 2:

PROJECT BUDGET & PAYMENT SCHEDULE

1. PAYMENT SCHEDULE AND INVOICING

Goods and Services Tax (GST)
In Australia all goods and services are subject to GST of 10%. Unless otherwise specified, fees are expressed as exclusive of Goods and Services Tax (GST). Where fees are GST exclusive and INC is liable to pay GST in respect of any Services provided pursuant to this Agreement, INC may add the GST amount to invoices provided to Customer for the Services. Provided that the relevant invoice complies with the requirements of a tax invoice to enable Customer to claim a credit or refund of GST, Customer shall pay the GST amount at the same time and in the same manner as other amounts invoiced under this Agreement.

Where the services are directly contracted by an overseas Customer GST will not be applicable.

All Clinical Services will be on a unit basis comprising of fixed units (e.g. File Management, Site Management and Management/Supervision) which will be invoiced monthly at the fixed cost as per the Cost Sheet and variable units (e.g. Site Visits), which will be invoiced according to actual number of units incurred each month.

Data Management/Statistics and Medical Writing will be invoiced on a milestone basis.

A percentage of the contract value will be payable upfront upon execution of the Work Authorisation.

If services requirements exceeding those specified in the cost estimate are required then written approval will be obtained from the Customer before conducting the additional services.

INC will invoice the Customer for **Data Management/Statistics/Medical Writing** according to the following schedule:

- Execution of agreement 20%
- Database Complete 20%
- 100% data entered 20%
- Data base Lock 20%
- 1st Draft Study Report 10%
- Final Study Report 10%

INC will invoice the Customer for provision of services on a monthly basis. This will include any service units incurred during the previous month.

All Professional Services have been adjusted to take into account standard fee reviews that would occur over the period of the trial. If the timelines extend beyond the period estimated then INC may increase fees beyond the period stated and any additional costs will be prior approved in writing by the Customer.

Disbursements will be invoiced separately on a monthly basis and will include copies of receipts where relevant.

Payment will be due within 30 days of date of invoices.
Invoices will be submitted to the following E mail address:

Email: krowe@pranabio.com
Cc: Peneamor@bigpond.net.au and dangus@pranabio.com

Attention: Kerry Rowe

Payment will be made by electronic transfer as follows:

Bank Name: Bank of South Australia (A Division of St George Bank Limited)

Swift Code:

BSB (Routing Number):

Account Number:

Account Name: INCResearch Australia Pty Limited

2. CONTACTS & COMMUNICATION

The key Customer contact person for project related issues, contract and financial issues is Pene Amor. The key contact for INC for project related matters is Belinda Fricke. The key contact for contract related matters is Garth Tierney.

WA002 PBT2-204 (800089) V4, 2nd April 2012

4.1 Budget- Services

Service/Item	Comments	Responsibility	Unit	Unit Cost	Number of Units	Item Cost	AUD$
Study Start Up Activities							
Study Training/ Internal Kick Off Meeting	Familiarisation, Protocol. IB, CRF, procedures etc.	CRA	per CRA	1080	1.00	1,080	
Essential document collection	Creation, Collection and tracking	CRA	per site	1350	3.00	4,050	
Study Manual/Monitoring Manual Development		Med Writer / PM	per manual	3100	1	3,100	
Study Files	Set up of study master files and Investigator site files	PA	per study	720	1.00	720	
File Management	per month	PA	per month	283	24.00	6,787	
						Subtotal	$15,737
Customer Project Team Meetings							
Teleconference participation	25 x 1 hour Telecon, 1 CRAs	CRA	per telecon	138	25.00	3.450	
						Subtotal	$3,450
Investigator's/Monitor's Meeting							
Preparation of Presentations	Trident & Customer shared responsibility	CRA	per meeting	1620	1.00	1.620	
Attendance	assume 1 day meeting, 1 CRA	CRA	per CRA	1080	1.00	1,080	
						Subtotal	$2,700
Site Visits							
Study Initiation	Incl. prep, travel, on-site, reporting & follow-up	CRA	per visit	1620	3.00	4,860	
Monitoring Visits (1 Day visits)	Incl. prep, travel, 1 day on-site, reporting & follow-up 13 visits/site	CRA	per visit	1932	39.00	75,348	
Closeout visits	Incl. prep, travel, on-site, reporting & follow-up	CRA	per visit	2070	3.00	6,210	
						Subtotal	$86,418
Site Management							
Site Management (October 2011 - July 2013)	per month	CRA	per month	1780	22.00	39,164	
Site Management (August 2013 - September 2013)	per month	CRA	per month	828	2.00	1,656	
Management/Supervision	per month	Management	per month	340	24.00	8,160	
						Subtotal	$48,980
Safety Monitoring							
Safety Administration	Incl. set up, maintenance and completion activities	Safety Officer		3979	1.00	3,979	
Initial Receipt and handling SAEs	All events - assume 1 SAE	Safety Officer	per SAE	330	1.00	330	
Medical Review of SAEs and Narrative creation	Optional - as required	Medical Monitor	per SAE	838	0,00	0	
Reporting to local Authorities	Assume 1 Reportable events	Safety Officer	per SAE	660	1.00	660	
Follow up of SAEs	Assume 2 hours/Follow-up/SAE, 1 Follow-ups	Safety Officer	per follow-up	330	1.00	330	
Investigator Notification Letters	preparation and oversight	Safety Officer	per letter	165	1.00	165	
Med Monitor Retainer (June 12 - Oct 13)		Medical Monitor	per month	419	16.00	6,704	
						Subtotal	$12,167

Service/Item	Comments	Responsibility	Unit	Unit Cost	Number of Units	Item Cost	AUD$
Data Management & Statistics							
CRF Design	25 unique pages. 80 pages of CRF and 11 pages of questionnaire. 91 Total pages. One print run.	Data Operations Assoc Manager	1 study	14520	1.00	14,520	
Database design and build		DBA/CDA	1 Data set	463	25.00	11,563	
Database / Consistency Check programming		DBA/CDA	1 Check	53	208.25	11,114	
Data Validation Manual / Data Management Plan		CDA	1 DVM/DMP	3400	1.00	3.400	
Data entry	Double Data Entry 40 patients × 80 CRF pages plus 40 × 11 questionaires=3640 total pages. Cost per extra page=5.87	DE	1 page	6	3640.00	21,385	
Medical Coding	MedDRA - AE, WHO - Drug	DBA/CDA	1 Coded term	6	800.00	5,036	
Data Cleaning / Monitoring	3200 CRF pages. Cost per extra page=$5.10 224 Queries. Cost per extra query=$42.50	CDA	1 study	29617	1.00	29,617	
Quality Control	10% of all patients, 100% of all critical data (15% critical / 85% non critical)	CDA	1 page	3	811.40	2,391	
Import laboratory data	1 central lab	DBA/CDA	1 study	3680	1.00	3,680	
Data exports	Assume 2 exports	DBA	1 export	360	2.00	720	
Database maintenance	Study Duration = 18 months	DBA	1 month	0	18.00	4,320	
DM & Statistics - Project Management	Client meetings & corresp, DM metrics. 1hrs/month x 18 months	DM	1 month	120	18.00	1,530	
Input to protocol	Text and sample size calcualtion / power	Statistician	1 hour	200	4,00	800	
Generation of Randomisation schedule	1 Schedule. 40 Envelopes. Cost per	Statistician	1	1175	1.00	1,175	
Statistical Analysis Plan	Includes text and table and Isting shells	Statistician	1 Statistical	5840	1.00	5,840	
Identify Protocol Deviations and define Analysis	Unblinding, Protocol deviations and	Statistician	1 study	1600	1.00	1,600	
Analysis Datasets	Specification, Programming & QC	SAS Programmer	1 study	4800	1.00	4,800	
Production of Tables & Listings	15 Unique tables. Cost per extra $720 20 Repeat tables. Cost per extra $240 0 Figures. Cost per extra S420 35 Listings. Cost per extra S300	SAS Programmer	1 study	26100	1.00	26,100	
Statistical Analysis	10 analysis endpoints. Cost per extra $400	Statistician	1 analysis endpoint	400	10.00	4,000	
Provision of data to DSMB	Assumes interim running and QC of 6 TFLs in row 'Programming Tables and listings.	Statistician	1 meeting	960	3.00	2,880	
Input to Final report	Text for inclusion in study report.	Statistician	1 hour	2400	1.00	2,400	
						Subtotal	$158,869
Medical Writing (Optional)							
Clinical study report (CSR)		Medical Writer	per CSR	22497	1.00	22,497	
QA review of CSR	Optional for Client	Medical Writer	per CSR	2769	1.00	2,769	
						Subtotal	$25,266
						TOTAL	**$353,588**

4.2 Budget- Expenses

Expense/Item	Comments	Unit Cost	Number of Units	Item Cost AUD$	AUD$
Site Visits					
Other Site visit Costs	Parking/tolls/meals and incidentals for site visits	$50/day	45.00	2,250	
				Subtotal	$2,250
General Expenses					
General Expenses - Couriers, Postage, Telecommunications, Copying, stationery (files)	$70/site/month, 3 sites for 25 months	$210/month	25	5,250	
CRF Printing		$2,500	1	2,500	
				Subtotal	$7,750
				TOTAL	**$10,000**

WA002 PBT2-204 (800089) V4, 2nd April 2012

27 June 2012

1st Amendment to Work Order # 800089 (PBT2-204)

This 1st Amendment to Work Order (hereinafter "Work Order") is between **Prana Biotechnology Limited** (hereinafter "Sponsor") with principal offices located at **Level 2, 369 Royal Parade, Parkville, VIC 3052, Australia** and **INCResearch Australia Pty Limited,** together with its parent company, subsidiaries and legal affiliates (hereinafter "INC Research") with offices located at 124 Lipson Street, Port Adelaide SA 5015 Australia and relates to the Master Services Agreement effectively dated 28th September 2011 which expressly incorporates this Work Order hereto by reference into the Master Services Agreement. Pursuant to the Master Services Agreement, INC Research has agreed to perform certain services in accordance with written work orders, such as this one, entered into from time to time describing such services.

Study Title: Randomised, Double-blind, Placebo-controlled, Parallel-group, Phase 2 Study to Evaluate the Effect of One Dose of PBT2 (250mg daily) for 52 weeks on Ab Deposition in the Brains of Patients with Mild Alzheimer's Disease Compared to Placebo and to Evaluate the Safety and Tolerability of PBT2 (250mg daily) for 52 weeks in Patients with Mild Alzheimer's Disease

The parties hereby agree as follows:

Amendment Summary:

Agreement	Details
Original Agreement	*WA002*
Date of Original Agreement	*Version 4, doted 2nd April 2012*
Amendment number	*Amendment #1*
Version & Date of Amendment	*Version 2, doted 27th June 2012*
Project ID (INC internal code)	*800089*
Client	*Prono Biotechnology Limited*
Client Project Code	*PBT2-204*
Description of Amendment	• *Additional 2 sites – RMH and Geelong Private* • *1 additional CRA* • *Reduction in 1 day Monitoring visits* • *Addition of 2 day Monitoring visits* • *Deletion of Medical Monitor retainer* • *Site Management adjustment*

Costs Implication for Amendment	*Direct Costs (Services)* ● *Study Training for additional 1 CRA @ $540/CRA = $540.00* ● *Additional 2 Sites Essential Document Collection @ $1350/site = $2,700.00* ● *Additional 14 months File Management for 2 new sites @ $283/month = $3,959.00* ● *16 x 1 hour Teleconference participation for additional 1 CRA @ $138/telecom = $2,208.00* ● *2 additional Study Initiation Visits @ $1620/visit = $3,240.00* ● *Reduction of 19 x 1 day monitoring visits @ $1932/visit = -$36,708.00* ● *15 x 2 day monitoring visits @ $3174/visit = $47,610.00* ● *2 additional Close out Visits @ $2070/visit = $4,140.00* ● *Addition of 2 months of Site Management for 1 site @ $593.50/month = $1,187.00* ● *Addition of 6 months of Site Management for 2 sites @ $1187/month = $7,121.00* ● *Reduction in 8 months of Site Management of 3 sites @ $1780/month = -$14,240.00* ● *12 months Site Management for 2 new sites @ $1187/month = $14,242.00* ● *2 months Site Management for 2 new sites @ $552/month = $1,104.00* ● *Deletion of Medical Monitor retainer = -$6,704.00* - *Total Cost $30,398.00* *Indirect Costs (Expenses)* ● *15 days of additional Other Site Visit costs @ $50/day = $750.00* ● *Additional General Expenses for 2 new sites for 16 months @ $140/month = $2,240.00* - *Total Cost = $2,990.00*
Total Cost Implication for Amendment	***$33,388.00***

Budget Summary:

Work Order	Services	Expenses	Total Contract
Original Work Order	*$353,588.00*	*$10,000.00*	*$363,588.00*
Amendment #1	*$30,398.00*	*$2,990.00*	*$33,388.00*
Revised Contract Value	***$383,986.00***	***$12,990.00***	***$396,976.00***

Details of Amendment 1

Assumption - General Services

GENERAL	
Phase	II
Number of Study Sites + Location	5 sites in Melbourne
Number of Subjects Screened	Not Specified
Number of Subjects Randomised	40
Local Study Sponsor – Australia	Prana
SOPs to be Used	INC
CLINICAL	
Site Identification	Sites have been identified by Prana
Investigator Meeting (length, location)	1 day meeting in Melbourne
Monitoring Frequency or Total No. Visits/Site	4 x 1 day visits and 3 x 2 day visit per site
Paper or eCRF	Paper
No. CRF pages/Subject	80 pages
% SDV	100
Monitor Location	Melbourne x 2
Project Manager	Prana
SAFETY REPORTING and MEDICAL MONITORING	
No. (%) of SAEs Expected	Assume 1
SAEs Initially Reported to...	INC
SAE Reporting to Local Regulatory Authority	INC
Medical Monitor	Prana (INC as back up)
BIOMETRICS	
CRF Design	INC
Medical Coding of Adverse Events	MedDra
Medical Coding Medications	WHO Drug
Data Entry	Double DE
Number of Datasets	25
No. of Check Programs per panel	7

Expected Query rate	7 queries per 100 pages
Laboratory data	Central labs: Safety data (electronic) Local labs: None
Exports	2 (draft and final)
Frequency of Reporting	Monthly Data Management Metrics
DSMC requirements	3 (10%, 40%, 70%)
Statistics tasks	Input to Protocol, Randomisation, Statistical Analysis Plan, Statistical Analyses, DSMB, Statistical Text for CSR

Amendment 1 to Budget Services

Service/Item	Comments	Responsibility	Unit	Unit Cost	Number of Units	Item Cost	AUD$
Study Start Up Activities							
Study Training/ Internal Kick Off Meeting	Familiarisation, Protocol, IB, CRF, procedures etc.	CRA	per CRA	1080	1.00	1,080	
Study Training	Familiarisation etc.	CRA	per CRA	540	1.00	540	
Essential document collection	Creation, Collection and tracking	CRA	per site	1350	5.00	6,750	
Study Manual/Monitoring Manual Development		Med Writer / PM	per manual	3100	1	3,100	
Study Files	Set up of study master files and Investigator site files	PA	per study	720	1.00	720	
File Management	per month	PA	per month	283	24.00	6,787	
File Management - 2 new sites	per month from August 2012	PA	per month	283	14.00	3,959	
						Subtotal	$22.937
Customer Project Team Meetings							
Teleconference participation	25 x 1 hour Telecon, 1 CRAs	CRA	per telecon	138	25.00	3,450	
Teleconference participation	16 x monthly hour Telecon, 1 CRA	CRA	per telecon	138	16.00	2,208	
						Subtotal	$5,658
Investigator's Monitor's Meeting							
Preparation of Presentations	Trident & Customer shared responsibility	CRA	per meeting	1620	1.00	1,620	
Attendance	assume 1 day meeting, 1 CRA	CRA	per CRA	1080	1.00	1,080	
						Subtotal	$2,700
Site Visits							
Study Initiation	Incl. prep, travel, on-site, reporting & follow-up	CRA	per visit	1620	5.00	8,100	
Monitoring Visits (1 Day visits)	Incl. prep, travel, 1 day on-site, reporting & follow-up 4 visits/site	CRA	per visit	1932	20.00	38,640	
Monitoring Visits (2 Day visits)	Incl. prep, travel, 2 day's on-site, reporting & follow-up 3 visits/site	CRA	per visit	3174	15.00	47,610	
Closeout visits	Incl. prep, travel, on-site, reporting & follow-up	CRA	Per visit	2070	5.00	10,350	
						Subtotal	$104,700
Site Management							
Site Management (October 2011 - Nov 2011)	1 site	CRA	per month	593	2.00	1,187	
Site Management (Dec 2011 - May 2012)	2 sites	CRA	per month	1187	6.00	7,121	
Site Management (June 2012 - July 2013)	3 sites	CRA	per month	1780	14.00	24,923	
Site Management (August 2012 - July 2013)	per month - 2 new sites	CRA	per month	1187	12.00	14,242	
Site Management (August 2013 - September 2013)	3 sites	CRA	per month	828	2.00	1,656	
Site Management (August 2013 - September 2013)	per month - 2 new sites	CRA	per month	552	2.00	1,104	
Management/Supervision	per month	Management	per month	340	24.00	8,160	
						Subtotal	$58,392
Safety Monitoring							
Safety Administration	Incl. set up, maintenance and completion activities	Safety Officer		3979	1.00	3,979	
Initial Receipt and handling SAEs	All events - assume 1 SAE	Safety Officer	per SAE	330	1.00	330	
Medical Review of SAEs and Narrative creation	Optional - as required	Medical Monitor	per SAE	838	0.00	0	
Reporting to local Authorities	Assume 1 Reportable events	Safety Officer	per SAE	660	1.00	660	
Follow up of SAEs	Assume 2 hours/Follow-up/SAE, 1 Follow ups	Safety Officer	per follow-up	330	1.00	330	
Investigator Notification Letters	preparation and oversight	Safety Officer	per letter	165	1.00	165	
						Subtotal	$5,464

Service/Item	Comments	Responsibility	Unit	Unit Cost	Number of Units	Item Cost	AUD$
Data Management & Statistics							
CRF Design	25 unique pages. 80 pages of CRF and 11 pages of questionnaire. 91 Total pages. One print run.	Data Operations Assoc Manager	1 study	14520	1.00	14,520	
Database design and build		DBA/CDA	1 Data set	463	25.00	11,563	
Database / Consistency Check programming		OBA/CDA	1 Check	53	208.25	11,114	
Data Validation Manual / Data Management Plan		CDA	1 DVM/DMP	3400	1.00	3,400	
Data entry	Double Data Entry 40 patients x 80 CRF pages plus 40 x 11 questionaires=3640 total pages. Cost per extra page=5.87	DE	1 page	6	3640.00	21,385	
Medical Coding	MedDRA - AE, WHO - Drug	DBA/CDA	1 Coded term	6	800.00	5,036	
Data Cleaning / Monitoring	3200 CRF pages. Cost per extra page=$5.10 224 Queries. Cost per extra query=$42.50	CDA	1 study	29617	1.00	29,617	
Quality Control	10% of all patients, 100% of all critical data (15% critical / 85% non critical)	CDA	1 page	3	811.40	2,391	
Impart laboratory data	1 central lab.	DBA/CDA	1 study	3680	1.00	3,680	
Data exports	Assume 2 exports	DBA	1 export	360	2.00	720	
Database maintenance	Study Duration = 18 months	DBA	1 month	0	18.00	4,320	
DM & Statistics - Project Management	Client meetings & corresp, DM metrics. 1hrs/month x 18 months	DM	1 month	120	18.00	1,530	
Input to protocol	Text and sample size calcualtion / power	Statistician	1 hour	200	4.00	800	
Generation of Randomisation schedule	1 Schedule. 40 Envelopes. Cost per	Statistician	1	1175	1.00	1,175	
Statistical Analysis Plan	Includes text and table and Isting shells	Statistician	1 Statistical	5840	1.00	5,840	
Identify Protocol Deviations and define Analysis	Unblinding. Protocol deviations and	Statistician	1 study	1600	1.00	1,600	
Analysis Datasets	Specification, Programming & QC	SAS Programmer	1 study	4800	1.00	4,800	
Production of Tables 4 Listings	15 Unique tables. Cost per extra $720 20 Repeat tables. Cost per extra $240 0 Figures. Cost per extra $420 35 Listings, Cost per extra $300	SAS Programmer	1 study	26100	1.00	26,100	
Statistical Analysis	10 analysis endpoints. Cost per extra $400	Statistician	1 analysis endpoint	400	10.00	4,000	
Provision of data to DSMB	Assumes interim running and QC of 6 TFLs in row Programming Tables and listings.	Statistician	1 meeting	960	3.00	2,880	
Input to Final report	Text for inclusion in study report.	Statistician	1 hour	2400	1.00	2,400	
						Subtotal	$158,869
Medical Writing (Optional)							
Clinical study report (CSR)		Medical Writer	per CSR	22497	1.00	22,497	
QA review of CSR	Optional for Client	Medical Writer	per CSR	2769	1.00	2,769	
						Subtotal	$25,266
						TOTAL	**$383,986**

Amendment 1 to Budget Expenses

Expense/Item	Comments	Unit Cost	Number of Units	Item Cost AUD$	AUD$
Site Visits					
Other Site visit Costs	Parking/tolls/meals and incidentals for site visits	$50/day	60.00	3,000	
				Subtotal	$3,000
General Expenses					
General Expenses - Couriers, Postage, Telecommunications, Copying, stationery (files)	$70/site/month, 3 sites for 25 months	$210/month	25	5,250	
General Expenses - Couriers. Postage, Telecommunications, Copying, stationery (files)	$70/site/month, 2 new sites for 16 months	$140/month	16	2,240	
CRF Printing		$2,500	1	2,500	
				Subtotal	$9,990
				TOTAL	**$12,990**

IN WITNESS WHEREOF, the undersigned have caused this Work Order to be executed by a duly authorized individual on behalf of each requisite party effective as of the day and year last written below. In the event that the parties execute this Work Order by exchange of electronically signed copies or facsimile signed copies, the parties agree that, upon being signed by both parties, this Work Order shall become effective and binding and that facsimile copies and/or electronic signatures will constitute evidence of the existence of this Work Order with the expectation that original documents may later be exchanged in good faith. Thereafter, the parties agree that in connection with request for information that either party may need from the other related to the Services provided hereunder, both parties expressly permit communication via facsimile to the extent allowed by applicable laws and regulations to be disseminated in that manner.

Prana Biotechnology Limited

By: 

Name: Dianne Angus

Title: Chief Operating Officer

Date: 13 July 2012

INCResearch Australia Pty Limited

By: 

Name: Garth Tierney

Title: Regional General Manager, Australia and South East Asia

Date: 19 July 2012

CHANGE ORDER N°1 to Work Order #1000504

This Change Order number 1 to Work Order #1000504 (hereinafter "Change Order") is made and entered into as of the date of last signature (hereinafter "Effective Date") by and between **Prana Biotechnology Limited (**hereinafter "Sponsor") with an office located at Level 2, 369 Royal Parade, Parkville VIC 3052, Australia and **INCResearch Australia Pty** Limited, together with its parent company, subsidiaries and legal affiliates (hereinafter "INC Research") with principal offices located at 124 Lipson Street, Port Adelaide SA 5015, Australia.

RECITALS

WHEREAS, Sponsor and INC Research have entered into Work Order #1000504 (hereinafter "Agreement") to perform Services for Protocol # PBT2-203 for study entitled: A Randomized, Double-blind, Placebo-controlled Study to Assess the Safety and Tolerability, and Efficacy of PBT2 in Patients with Early to Mid-stage Huntington Disease (hereinafter "Study"), which was signed by Sponsor and INC Research on 14th August 2012, and

WHEREAS, during the course of the performance of the Study, Sponsor and INC Research have identified changes in assumptions; and

WHEREAS, Sponsor desires to retain additional services from INC Research and INC Research desires to supply such services to Sponsor under the terms and conditions set forth herein; and

WHEREAS, Sponsor and INC Research agree that all other terms and conditions of the Agreement shall remain in full force and effect, unless specifically agreed otherwise in this Change Order; and

WHEREAS, Sponsor and INC Research agree that the services and costs covered by this Change Order are additional to the services and costs covered by the Agreement;

NOW THEREFORE, subject to the terms, conditions and covenants hereinafter set forth, INC Research and Sponsor agree as follows:

SECTION l: CHANGES IN SCOPE

This section contains an overview of the changes in assumptions, timelines, and revision in Scope of services. In summary, this Change Order mainly reflects the following changes:

Direct Costs

- Addition of seven (7) x One Day Monitoring Visits, to be invoiced only if required.
- Addition of eight (8) x Two Day Monitoring Visits, to be invoiced only if required.
- Addition of one (1) x Four Day Monitoring Visit.
- Addition of nine (9) x Serious Adverse Events (SAE) Notifications, to be invoiced only if required.
- Addition of four (4) x Reporting to Local Authorities of SAEs, to be invoiced only if required.
- Addition of 6 Monthly Suspected Unexpected Serious Adverse Reaction (SUSAR) Line Listings time for Safety Officer, to be invoiced only if required.

Indirect Costs

- Addition of twenty-seven (27) x Other Site Visit Costs.

The parties hereby agree the total cost associated with this Change Order is AUD $48,505.00.

SECTION II: COSTS OVERVIEW

The additional deliverables and tasks performed by INC Research are specified in Attachment A. This Attachment includes an overview of the total prices of deliverables in the original agreement and previous change orders, and an overview of the additional total prices of the new deliverables and services. The total amount of all contracted deliverables (original agreement including all change orders) is shown in Attachment A.

A summary of both direct and indirect costs related to the original agreement and all changes in scope as occurred is provided in the table below:

	Effective Date	Direct Costs AUD$	Indirect Costs AUD$	Grand Total AUD$
Original Contract	14th August 2012	$263,821.00	$17,100.00	$280,921.00
Change Order # 1	Upon Execution	$47,155.00	$1,350.00	$48,505.00
Total Contract Value		**$310,976.00**	**$18,450.00**	**$329,426.00**

Revised Direct Costs

Service/Item	Comments	Responsibility	Unit	Unit Cost (AUD)	Original Number of Units	CO#1 Number of Units	Original Item Cost (AUD$)	CO#1 Item Cost (AUD$)	TOTAL COST AUD$
Study Start Up Activities									
Study Training/Internal Kick Off Meeting	Familiarisation, Protocol, IB	CRA	per CRA	1123	3	0	3,370	0	
Study Training/Internal Kick Off Meeting	Familiarisation, Protocol, IB	PM	per PM	1290	1	0	1,290	0	
Essential Document Collection	Creation, Collection and Tracking	CRA	per site	1123	5	0	5,616	0	
Study Files	Set-up of Study Master Files and Investigator Site Files	PA	per study	749	1	0	749	0	
CRA Administration (March 2012 - May 2012)	Communications - Customer, Site, Project Manager	CRA	per month	3019	3	0	9,056	0	
						Subtotal	20,080	0	$20,080
Customer Project Team Meetings									
Customer Kick-off Meeting	Teleconference	PM	per PM	322	1	0	322	0	
Sponsor Teleconference Participation	21 x 1 hour Telecon	PM	per telecon	165	21	0	3,456	0	
						Subtotal	3,778	0	$3,778
Investigator's/Monitor's meeting									
Travel Time	4 hours Return	PM	per PM	645	1	0	645	0	
Travel Time	8 hours Return	CRA	per CRA	1123	1	0	1,123	0	

INC Research, LLC Change Order Form

Service/Item	Comments	Responsibility	Unit	Unit Cost (AUD)	Original Number of Units	CO#1 Number of Units	Original Item Cost (AUD$)	CO#1 Item Cost (AUD$)	TOTAL COST AUD$
Attendance	Assume 1.5 day Meeting, 1 PM	PM	per PM	1934	1	0	1,934	0	
Attendance	Assume 1.5 day Meeting, 2 CRAs	CRA	per CRA	1685	2	0	3,370	0	
						Subtotal	7,072	0	$7,072
Site Visits									
Study Initiation	Includes Preparation, Travel, Time On-site, Reporting and Follow-up	CRA	Per visit	1404	5	0	7,020	0	
Monitoring Visits (1 Day Visits)	Including Preparation, Travel, 1 day On-site, Reporting and Follow-up - *only if required*	CRA	Per visit	1579	25	7	39,478	11,054	
Monitoring Visits (2 Day Visits)	Including Preparation, Travel, 2 days On-site, Reporting and Follow-up - *only if required*	CRA	Per visit	3015	0	8	0	24,117	
Monitoring Visits (4 Day Visits)	Including Preparation, Travel, 4 days On-site, Reporting and Follow-up	CRA	per visit	5886	0	1	0	5,886	
Closeout Visits	Includes Preparation, Travel, Time On-site, Reporting and Follow-up	CRA	per visit	1752	5	0	8,761	0	
		-			-	Subtotal	55,258	41,057	$96,315
Site Management									
Site Management (June 2012 - September 2013)	per Month	CRA	per month	3086	16	0	49,383	0	
Site Management (October 2013 - November 2013)	per Month	CRA	Per month	1460	2	0	2,920	0	
						Subtotal	52,303	0	$52,303

Service/Item	Comments	Responsibility	Unit	Unit Cost (AUD)	Original Number of Units	CO#1 Number of Units	Original Item Cost (AUD$)	CO#1 Item Cost (AUD$)	TOTAL COST AUDS
Project Management									
Local Coordination/Supervision (March 2012 - May 2012)	per Month	PM	per month	5158	3	0	15,475	0	
Local Coordination/Supervision (June 2012 - September 2013)	per Month	PM	per month	3296	16	0	52,743	0	
Local Coordination/Supervision (October 2013 - November 2013)	per Month	PM	per month	3353	2	0	6,706	0	
Project Assistance (March 2012 - November 2013)	per Month	PA	per month	2054	21	0	43,144	0	
						Subtotal	118,068	0	$118,068
Safety Monitoring									
Safety Administration	Includes Set-up, Maintenance and Completion Activities	Safety Officer	per study	4597	1	0	4,597	0	
Handling of SAEs (Notifications)	All Events - Assume 10	Safety Officer	per SAE	330	1	9	330	2,967	
Medical Review of SAEs and Narrative Creation	All Events - Assume 1 SAE	Medical Monitor	per SAE	851	1	0	851	0	
Reporting to Local Authorities	All Events - Assume 5	Safety Officer	per SAE	659	1	4	659	2,637	
6-Monthly SUSAR Line Listing	Preparation, distribute and tracking	Safety Officer	per study	494	0	1	0	494	
Safety Management Plan (review)		Safety Officer	per study	659	1	0	659	0	

Service/Item	Comments	Responsibility	Unit	Unit Cost (AUD)	Original Number of Units	CO#1 Number of Units	Original Item Cost (AUD$)	CO#1 Item Cost (AUD$)	TOTAL COST AUD$
Teleconference	Assume 1 hour teleconference	Safety Officer	per telecon	165	1	0	165	0	
						Subtotal	7,261	6,098	$13,360
						TOTAL	**263,821**	**47,155**	**$310,976**

Revised Indirect Costs

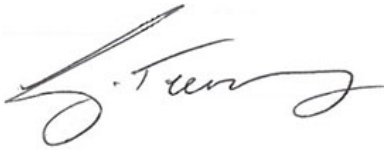
Expense/Item	Comments	Unit Cost	Original Number of Units	CO#1 Number of Units	Original Item Cost AUD$	CO#1 Item Cost AUD$	TOTAL COST AUD$
Investigator's/Monitor's Meeting Attendance							
Travel/Attendance Costs	Airfares, accommodation & meals provided by Client, $500 - taxis, currency exchange, meals in transit, phone	$500/person	2	0	1,000	0	
				Subtotal	1,000	0	$1,000
Site Visits							
Other Site visit Costs	Parking/tolls/meals and incidentals for site visits	$50/day	35	27	1,750	1,350	
				Subtotal	1,750	1,350	$3,100
General Expenses							
Couriers, Express Post, Teleconferences		$7,000	1	0	7,000	0	

Copying (Excluding ethics submissions), postage, telecommunications (excluding teleconferences), stationery (files)	$70/site/month, 5 sites for 21 months	$350/month	21	0	7,350	0	
				Subtotal	14,350	0	$14,350
				TOTAL	**17,100**	**1,350**	**$18,450**

SIGNATURE

COUNTERPARTS. This Change Order may be signed in counterparts and said counterparts shall be treated as though signed as one document. The parties acknowledge legal validity of facsimile, portable document format or other commercially acceptable electronic exchange of copies of the documents, which are essential for Change Order execution. A party which uses a facsimile, portable document format or other commercially acceptable electronic exchange copy of an authorized person's signature in the documents guaranties its authenticity.

IN WITNESS WHEREOF, the undersigned have caused this Change Order to be executed by a duly authorized individual on behalf of each requisite party effective as of the day and year last written below.

Prana Biotechnology Limited	**INCResearch Australia Pty Limited**
	
Signature By:	Signature By:
DIANNE ANGUS	Garth Tierney
Name (print)	Name (print)
C.O.O	Executive Vice President, Asia/Pacific
Title	Title
16/April/2013	24/04/2013
Date	Date

02 October 2013

Prana Biotechnology Limited
Level 2, 369 Royal Parade, Parkville
VIC 3052 Australia

RE: Letter Agreement for Clinical Trial Services for the Study Entitled: ***"A randomized, double-blind, placebo controlled study to assess the safety and tolerability and efficacy of PBT2 in patients with early to mid-stage Huntington disease". Protocol # PBT2-203***

Dear Carolyn and Caroline:

The purpose of this letter is to set forth an agreement (hereinafter "Letter Agreement") between **Prana Biotechnology Limited** (hereinafter "Sponsor") and **INCResearch Australia Pty Limited**, together with its parent company, INC Research, LLC, subsidiaries and legal affiliates (hereinafter "INC Research") to undertake activities (the "Services") relating to the Study. INC Research shall perform more comprehensive services pending the negotiation and execution of a mutually acceptable work order. The parties agree that this Letter Agreement governs matters of **immediate agreement as specified in Attachment A** and is a binding contract. The parties agree as follows:

1. INC Research shall undertake certain preliminary, preparatory activities prior to the completion of contract negotiations. These activities are listed in Attachment A ("Services"). Until such time as a work order is executed and unless otherwise expressly set forth in this Letter Agreement, INC Research agrees to perform the Services, and so too will Sponsor perform its obligations, in accordance with the terms and conditions set forth in the Master Services Agreement effectively dated 22nd September 2011 ("Master Agreement").

   If INC Research is required to engage third parties prior to execution of a work order, then such engagement will be limited only to the third party contractor(s) listed in Attachment B hereto; provided, however that INC Research will be under no obligation to execute any contracts on behalf of Sponsor in connection to the Protocol until adequate funding has been paid in advance to INC Research to cover all associated costs, and Sponsor agrees to pay any cancellation fees incurred beyond INC Research's control.

2. Upon execution of this Letter Agreement, Sponsor will pay to INC Research start-up fees in the amount of **AUD $200,000** and pass through costs in the amount of **AUD $10,000** to undertake the Services associated with matters of immediate agreement. Payment is to be made to INC Research within three (3) business days following Sponsor's execution of this Letter Agreement and may become the first milestone payment under the work order. Such payment may be applied toward the final reconciliation of the study budget upon study termination or cancellation in connection with this Letter Agreement or the executed work order, as applicable.

All communications, notices and payments required under this Letter Agreement shall be mailed by first class mail, postage prepaid, or by overnight carriers, to the respective parties at the addresses set forth below, or to such other addresses as the parties may from time to time specify in writing.

If to Sponsor:

For Communications & Accounts Payable:

Carolyn Stone
Clinical Program Manager
Prana Biotechnology Limited
Level 2
369 Royal Parade
Parkville VIC 3052 Australia
cstone@pranabio.com

Cc: Caroline Herd
cherd@pranabio.com

If to INC Research:

For Communications:

Contracts Management
INCResearch Australia Pty Limited
124 Lipson Street
Port Adelaide SA 5015 Australia
Phone: +61 (0) 8 7202 1500
Facsimile: +61 (0) 8 7202 1599

Cc: Sponsor Contracts Management
INC Research, LLC
3201 Beechleaf Court
Suite 600
Raleigh, NC 27604-1547
Phone: 919-876-9300
Facsimile: 919-882-0425

For Payments (Via Wire):

Beneficiary Bank:	HSBC Bank Australia Ltd
Beneficiary Bank Address:	Ground Floor, 55 Grenfell Street Adelaide SA 5000, Australia
Account Name:	INCResearch Australia Pty Limited
BSB (Routing Number):	
Account Number:	
Swift:	

3. It is understood by the parties that until the time that this Letter Agreement is duly executed by each party, no obligations of performance whatsoever are incumbent on any party. **Accordingly, INC Research shall be under no obligation to perform and shall not perform any services or incur any costs until the initial payment is made as described above.**

4. The parties acknowledge and agree that it is their mutual intent to swiftly negotiate the work order that more completely sets forth their respective rights and obligations in connection with the Services. Accordingly, promptly upon execution of this Letter Agreement if not sooner, the parties shall commence good faith negotiations in an effort to reach agreement on the terms and conditions of such a work order. Should a work order not be executed, Sponsor agrees to pay all costs incurred by INC Research in performing the Services up to the date of termination of negotiations or the end of any necessary winding down period, whichever occurs last (consistent with paragraph 2 above).

5. The term of this Letter Agreement shall commence as of the date hereof and end upon the effective date of the work order or **18th October 2013** whichever is earlier. The term of this Letter Agreement may only be extended beyond **18th October 2013** upon written agreement of both parties. Sponsor party may terminate this Letter Agreement for any reason upon fourteen (14) days notice to the other party. The parties agree that upon any cancellation, default, or termination of this Letter Agreement, Sponsor shall have the right to a remittance of any advanced payments to INC Research, less any fees and expenses accrued and incurred.

If Sponsor agrees to the foregoing, please execute both counterparts of this letter and return one fully executed counterpart to the undersigned. The remaining counterpart is for Sponsor's records.

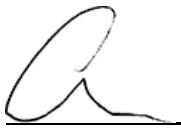
Sincerely yours,

Andrew Shaw, Esq.
Senior Corporate Counsel

INCResearch Australia Pty Limited

AGREED AND ACCEPTED:
The parties agree that this Letter Agreement is effective and binding and that facsimile copies and/or electronic signatures will constitute evidence of the existence of this Letter Agreement with the expectation that original documents may later be exchanged in good faith.

INCResearch Australia Pty Limited

By: 

Name: Andrew l. Shaw, Esq

Title: Senior Corporate Counsel

Date: 03 Oct 2013

LEGAL

Prana Biotechnology Limited

By: 

Name: Dianne Angus

Title: Chief Operating Officer

Date: 2nd October 2013

ATTACHMENT A

List of Services

During the term of this Letter Agreement, INC Research will perform the following Services[1]:

- Complete CRF design
- Initiate Database Build
- Study Staff Familiarization on Study requirements-completed.
- Sponsor Teleconference Participation, a minimum of one per week.
- Internal Teleconference Participation
- CRA Training Days – 30 Sep 13, Melbourne, Australia and 2 Oct 13, Chicago, USA CRAs and LCRAs to attend (exact numbers to be confirmed)
- 10 Monitoring Visits – Australia and USA of which at least ten to be completed within the term, subject to sites availability
- Monitoring Visit Report Template Generation- completed
- Initiate LCRA Project Management Activities (Australia and US)

[1] INC Research may engage in additional activities as requested by the Sponsor, or as necessary to progress the Study toward targeted timelines.

ATTACHMENT B

Permitted Contractors

-N.A

Exhibit 4.30

MANUFACTURING SERVICES AGREEMENT FOR PBT2 HCI SUPPLY

This MANUFACTURING SERVICES AGREEMENT (hereinafter called "**Agreement**") is made on this 19 day of August, 2013 by and between Prana Biotechnology Ltd ACN 080 699 065 ("**Prana**"), a company incorporated in Australia whose registered office and principal place of business is at Level 2,369 Royal Parade, Parkville Victoria 3052 and Dr. Reddy's Laboratories Limited ("**Dr. Reddy's**"), a company incorporated and existing under the laws of India, having its principal place of business at # 8-2-337, Road No.3, Banjara Hills, Hyderabad 500 034, Andhra Pradesh, India.

Dr. Reddy's and Prana are individually referred to as a "Party" and jointly as the "Parties".

WHEREAS:

A. The parties executed a Confidentiality Agreement dated 15 January 2013 and Letter of Intent dated 5 April, 2013 in relation to Prana's requirement for Dr. Reddy's to undertake process development, analytical method validations, cGMP manufacture and stability studies of Prana's compound known as PBT2 HCI.

B. The parties now enter this manufacturing services agreement to definitively record all the terms and conditions upon which Dr. Reddy's will perform the Project.

NOW THEREFORE, IN CONSIDERATION TO THE MUTUAL COVENANTS AGREED HEREIN THE PARTIES HERETO HAVE AGREED TO BE LEGALLY BOUND BY THE FOLLOWING TERMS, WHICH SHALL HEREAFTER GOVERN THE TERMS OF THIS AGREEMENT;

1. Definitions

For the purposes of this Agreement, capitalized terms, whether used in the singular or plural, shall have the following meanings, unless the context clearly requires otherwise:

(a) "Affiliate" shall mean, with respect to a Party, any entity controlling, controlled by, or under common control with such Party. For these purposes, "control" shall refer to: (i) the possession, directly or indirectly, of the power to direct the management or policies of an entity, whether through the ownership of voting securities, by contract or otherwise; or (ii) the ownership, directly or indirectly, of more than fifty percent (50%) of the voting securities or other ownership interest of an entity.

(b) "Agreement" means this agreement and includes any schedule or annexure to it.

(c) "API" means an active pharmaceutical ingredient of the Compound.

(d) "Approved Purposes" for a given Party means the performance of the Project and its obligations under this Agreement, and for Prana also means the use of the Compound and Results for its business purposes which will necessarily include the satisfaction of any regulatory requirements in relation to the Compound.

(e) "Business Day" means a day other than Saturday, Sunday or a public holiday or bank holiday in the place where an act is to be performed or a payment is to be made.

(f) "Commencement Date" means 5 April, 2013.

(g) "Compound" or "PBT2" means 5,7-Dichloro-2-dimethylaminomethyl-8- hydroxyquinoline hydrochloride.

(h) "Confidential Information" means Dr. Reddy's Confidential Information or Prana Confidential Information as the context allows.

(i) "Deliverables" means the quantities of Compound, reports, materials, licencesorother deliverables specified in the Scope of Project Works for each Sub- Project.

(j) "Dr. Reddy's Background IP" means all Intellectual Property owned or controlled by or licensed to Dr. Reddy's or any Affiliate of it as at the Commencement Date.

(k) "Dr. Reddy's Confidential Information" means:

(i) the Proposal (excluding any Prana Confidential Information contained in it);

(ii) Dr. Reddy's Background IP;

(iii) all information concerning Dr. Reddy's comprising its research projects, plans and strategies, trade secrets, know-how, technology, business operations and financial dealings which is or has been disclosed to or obtained by Prana prior to or after the date of this Agreement (whether orally, electronically or in writing) other than Prana Confidential information and information that Prana can establish:

(A) was already in the public domain at the time of its provision to Prana; or

(B) became part of the public domain after its provision to Prana, otherwise than though a disclosure by Prana or any person to whom Prana has disclosed Dr. Reddy's Confidential Information;

(C) is or came lawfully into the possession of Prana otherwise than as a result of disclosure in breach of an obligation of confidence; or

(D) was independently discovered by Prana without the aid, application or use of the Dr. Reddy's Confidential Information.

(l) "Force Majeure Event" has the meaning given to it in clause 13.

(m) "GMP" or "cGMP" means the current good manufacturing practices, standards and requirements specified in US 21 CFR parts 210 and 211 and ICH Q7.

(n) "Intellectual Property" ("IP") means any and all Technology and all intellectual, industrial and commercial property rights throughout the worldsubsistingin or in relation thereto including rights and interests in respect of or in connection with Patents, trade secrets, rights in confidential information, copyright (including future copyright and rights in the nature of or analogous to copyright), trade marks, service marks, database rights, designs, whether or not registered or registrable and includes applications for any of the foregoing and the right to apply for any of the foregoing in any part of the world.

(o) "Technology" means trade secrets, ideas, Knowledge, information, discoveries, inventions, technology, data, results, reports, formulae, techniques, strategies, concepts, methodologies, processes, procedures for experiments and tests and manufacturing scale ups, compounds, materials, methods or schemes for synthesising compounds, uses of/or indications for chemical compounds, technical data, information or specifications, testing methods, assays, isolation and purification methods, designs, sketches, records, biological materials and analyses.

(p) "Letter of Intent" or "LOI means the Letter of Intent between the parties in relation to the Project dated 5 April, 2013.

(q) "Material Form" in relation to information, includes any form (whether visible or not) of storage from which the information can be reproduced, and any form in which the information is embodied or encoded and in relation to Prana Materials, means the materials themselves.

(r) "Patents" mean all patent applications, patents, or letters patents, and any claims in any such patent applications or patents, in any part of the world, including, without limitation, all continuations, continuation-in-parts, reissues, extensions, substitutions, confirmations, registrations, re-validations, and additions, and any supplementary protection certificates in respect thereof.

(s) "Prana Arising IP" means all Intellectual Property generated, developed, conceived, created, invented, discovered, derived, modified, improved or adapted by Dr. Reddy's, Prana or their respective Affiliates and Representatives in the course of performing the Project.

(t) "Prana Background IP" means all Intellectual Property owned or controlled by or licensed to Prana or any Affiliate of it as at the Commencement Date.

(u) "Prana Confidential Information" means:

(i) the Prana Materials;

(ii) the Results and Deliverables;

(iii) the RFP;

(iv) Prana Background IP and Prana Arising IP;

(v) all information concerning Prana, the CompoundandPrana's research projects, plans and strategies, products, materials and compounds, trade secrets, Know how, technology, business operations and financial dealings which is or has been disclosed to or obtained by Dr. Reddy's prior to or after the Date of this Agreement (whether orally, electronically or in writing) other than information that Dr. Reddy's can establish:

(A) was already in the public domain at the time of its provision to Dr. Reddy's; or

(B) became part of the public domain after its provision to Dr Reddy's, otherwise than though a disclosure by Dr.Reddy's or any person to whom Dr.Reddy's has disclosed Prana Confidential Information;

(C) is or came lawfully into the possession of Dr.Reddy's otherwise than as a result of disclosure in breach of an obligation of confidence; or

(D) was independently discovered by Dr. Reddy's outside the Project without the aid, application or use of the Prana Confidential Information.

(v) "Prana Materials" means:

(i) samples of the Compound in the possession of Dr.Reddy's as at the Commencement Date and any other materials including reference standards provided by Prana to Dr. Reddy's for the purpose of the Project; and

(ii) any APIs of the Compound or other materials manufactured by Dr. Reddy's in the course of the Project.

(w) "Project" means a process development and manufacturing project to carry out (by way of Sub-Projects) process development, analytical method validations, cGMP manufacture and Stability Studies of the Compound.

(x) "Project Price" means US$772,600.

(y) "Project Works" means the works (comprising the Sub-Projects) described in Appendix A and specified in detailin Appendix B.

(z) "Proposal" means Dr. Reddy's proposal for PBT2 manufacture provided in response to the RFP. The proposal is set out in Dr.Reddy's letters dated 1 February and 15 March, 2013.

(aa) "Quality Agreement" means the quality agreement put in place pursuant to the Process Development and Manufacturing Agreement dated 26 December, 2008 that will be modified and updated to support this Agreement.

(bb) "Representatives" in relation to a Party means a director, officer, employee, contractor, consultant, agent or adviser of that Party.

(cc) "Results" means:

(i) all results, data, information, processes, procedures, methodologies, techniques, concepts, ideas, compounds, materials, items or things conceived, created, developed, discovered, derived, modified, improved or adapted by Dr. Reddy's or Prana or their respective Affiliates and Representatives during, or as a consequence of, the Project; and

(ii) all papers, materials, records, laboratory notebooks and documents (in written or electronic form) which have been produced by Dr. Reddy's or Prana or their respective Affiliates and Representatives in relation to the Project and the Results.

(dd) "RFP" means Prana's Request for Proposal: Process Development and cGMP API Manufacture of PBT2 dated 18 January 2013.

(ee) "Scope of Project Works" means the specifications, requirements and Deliverables for the Project Works asset out in Appendix B.

(ff) "Sub-Projects" means the sub-projects described in Appendix A and specified in detail in Appendix B for performance by Dr Reddy's, subject in each case to Dr Reddy'sreceiving prior written approval from Prana.

(gg) "Timetable" means the timetable contained in Appendix A for the commencement and completion of each Sub-Project.

2. Engagement and Obligations of Dr. Reddy's

(a) Prana engages Dr. Reddy's to perform the Project (to the extent of those Sub-Projects authorised by Prana in accordance with clause 2 (b)), and Dr. Reddy's agrees to accept the engagement on the terms and conditions contained in this Agreement.

(b) Dr. Reddy's must receive written authority from Prana's Head of Discovery and Non-CIinical Development Manager (E. Gautier) or its Chief Operating Officer (D. Angus) before commencing any Sub-Project. Without such authority for a given Sub-Project, Dr.Reddy's must not undertake and may not charge Prana its fee for the Sub-Project or any other amount. The work undertaken and the costs of a sub-Project cannot be altered without the express written permission of Prana. If in relation to a given Sub-Project, Prana provides written authority to undertake the Sub-Project after the relevant commencement date specified in the Timetable, then Dr.Reddy's shall commence the Sub-Project as soon as is reasonably practicable thereafter, and in any event, not later than 14 days after Prana provides written authority to undertake the Sub-Project.

(c) The parties acknowledge the grant of approval by Prana in the LOI for Dr.Reddy's to commence Sub-Projects 1 and 2. The parties also acknowledge that the milestone payments for each are US$45,000 and US$40,000 respectively.

(d) Dr. Reddy's will perform and carry out the Project Works with all due care and skill in accordance with this Agreement, and in particular the Scope of Project Works and the Timetable. Dr. Reddy's acknowledges the importance of obtaining an import licence for the chloroquinaldol shipment (Sub-Project 4) in good time so that the shipment can be delivered prior to the start date of Sub-Project 5.

(e) Dr. Reddy's must provide the following updates and reports to Prana:

(i) weekly written updates (in a format acceptable to Prana, which will be communicated to Dr. Reddy's in a separate email) of the work undertaken and the Results obtained for the week, problems encountered by Dr. Reddy's, the stage of the Timetable that Dr. Reddy's is up to and any other information that would be relevant to Prana in relation to the Project; and

(ii) a written report (in a format acceptable to Prana) detailing all of the work carried out and all the Results obtained for each Sub-Project undertaken, including all practices, procedures, processes and data (including spectra) and information developed or generated in the conduct of the Sub-Project along with any future recommendations on completion of the work specified in the Scope of Project Works for that Sub-Project.

(f) Dr. Reddy's will participate in weekly teleconferences with Prana to present its updates and reports and allow Prana to ask any questions that it may have concerning the Project and set the work priorities for the following week. A Representative of Dr. Reddy's must take the minutes of each telephone conference and prepare these for the consideration and approval of the Parties at the next telephone conference.

(g) All Results arising out of the Project must be recorded in a written format. These results captured in a written format must:

(i) be maintained and signed in accordance with best industry practice; and

(ii) be made available for inspection by Prana upon request by Prana in writing.

(h) Dr. Reddy's must comply with cGMP (in relation to the manufacturing work to be undertaken by it) and all applicable laws in the performance of its obligations under this Agreement.

(i) Prana and Dr.Reddy's agree to work in good faith to update/vary the Quality Agreement to the extent required for the purpose of the Project (in particular Sub - Projects 5 and 7) as soon as is reasonably practicable after the date of this Agreement and in any event prior to 12 August, 2013.

(j) On 15 days prior written notice and not more than twice in each twelve (12) month period, Dr. Reddy's must allow Prana or any Representative of it to attend any premises at which Project Works are being conducted for the purpose of auditing all Project Works, materials and information to ensure the compliance by Dr. Reddy's with its obligations under this Agreement. Prana's Representative shall only have the right to access works, materials and information that relate exclusively to the Project, and only if such access would not compromise Dr. Reddy's confidentiality obligations to another party and/or its internal QA programs. Notwithstanding the foregoing, if Prana's Representative is not an employee of Prana, (i) he/shemust not be a competitor of Dr. Reddy's or any of its Affiliates, and (ii) will not be permitted to access or to examine any Project Works, materials and information, until he/she has entered into a non-disclosure agreement with Dr. Reddy's.

(k) At any time during the conduct of the Project Works with prior notice by Prana, Dr. Reddy's must allow Prana or any Representative of it to attend any premises at which Project Works are being conducted for the purpose of assessing the progress of the Project Works. Notwithstanding the foregoing, if Prana's Representative is not an employee of Prana, (i) he/she must not be a competitor of Dr. Reddy's or any of its Affiliates, and (ii) will not be permitted to access or to examine any Project works, materials and information, until he/she has entered into a non-disclosure agreement with Dr. Reddy's.

(l) If at any time during or after the termination of this Agreement, Prana requires a third party to perform any work relating to PBT2 (or any API of it), including its manufacture, then Dr.Reddy's must, at the request of Prana, co-operate with Prana and the third party and provide such assistance, advice, documentation and information (including the relevant Results) as is necessary to enable the third party to perform the work requested by Prana. Prana agrees to pay all out-of-pocket expenses reasonably incurred by Dr Reddy's, provided that any anticipated expenses in excess of USD$ 1,000 are approved by Prana in writing before they are incurred.

(m) It is agreed in relation to the Deliverables for each Sub-Project that Prana shall have fifteen (15) days ("**Testing Period**") from the date they are received to perform acceptance testing on the Deliverables in order to confirm that they comply with the specifications set out in this Agreement ("**Acceptance Testing**"). If Prana is satisfied that the Deliverables meet specification, then it will confirm this in writing to Dr.Reddy's and pay the applicable milestone payment. If Prana finds that any Deliverables supplied by Dr. Reddy's do not meet specification, then Prana will immediately notify Dr. Reddy's in writing of any non-compliance. If the non-compliance for a Sub-Project relates to:

(i) Compound supplied to Prana, thenPrana may by written notice:

(A) require that Dr.Reddy's manufacture and supply the applicable quantity of Compound based on a manufacture start within 28 days of Prana's notice or 7 days of initiating plant modification required for the manufacturing, whichever is the earlier and a manufacturing period less than or equal to the period of time originally allocated for the activity in the corresponding Sub-Project in Appendix A; or

(B) terminate the Sub-Project in whole or in part, in which case Prana will not be liable to pay for, and Dr.Reddy's must immediately refund any moneys paid by Prana (if any) on account of, the Sub-Project or the terminated part of it;

(ii) services or documents or Results supplied, then:

(A) Prana may require that Dr.Reddy's immediately repeat the services or re-write the documents to rectify the non-compliance within the period specified by Prana; or

(b) terminate the Sub-Project in whole or in part, in which case Prana will not be liable to pay for, and Dr.Reddy's must immediately refund any moneys paid by Prana (if any) on account of, the Sub-Project or the terminated part of it.

3. Payment

(a) The total cost of the Project (including all milestone payments) is three hundred and ninety one thousand United States Dollars (USD 391,000/-) for Sub-Projects 1 to 5 inclusive or seven hundred and seventy two thousand six hundred United States Dollars (USD 772,600/-) for Sub-Projects 1 to 7 inclusive, payable to Dr. Reddy's.

(b) The amount payable by Prana to Dr. Reddy's for each Sub-Project and the timelines and conditions attaching to each such payment are specified in Appendix A.

(c) All payments are to be made within 30 days of invoicing. Each of the Sub-Projects that attract and satisfy a milestone payment, other than Sub-Projects 5(d) and 7(d) Stability Studies, shall be invoiced on completion of the Sub-Project. Each Sub-Project will be invoiced independent of the completion of other Sub-Projects. If any Sub-Project is not authorised by Prana (for whatever reason), then Prana will have no liability to pay Dr.Reddy's for the Sub-Project fees or any other amount. Sub-Projects 5(d) and 7(d) will be invoiced within 30days of completing the timepoints in Appendix B.

(d) All payments are subject to:-

(i) Prana having received the requisite Deliverables; and

(ii) Completion of the Sub-Project. Completion of a Sub-Project will be determined by the provision of all Deliverables for that Sub-Project that will include the required written documentation, records and Results and relevant materials in the quantities, form and purity as per the Scope of Project Works and satisfactory Acceptance Testing of the Deliverables.

(e) Property in the physical quantity of Compound or any API of it (or any other materials or samples) produced by Dr.Reddy's under any Sub-Project (**Goods**)will pass to Prana on delivery of the Compound to Prana's carrier or payment for the Sub-Project in full, whichever is earlier. At Prana's request (in case of delay in acceptance of Goods from freight forwarder or in case of delay in receiving Goods by Patheon), Dr.Reddy's will store the Goods at its cost and at the risk of Prana for up to 90 days at appropriate conditions. In the interim, Dr.Reddy's will liaise with Prana or its nominee in relation to the transport of the Goods to Prana and will obtain at its own risk and expense any export licence or other official authorisation and carry out where applicable all customs formalities necessary for the export of the Goods. On the agreed date, Dr.Reddy's will deliver the Goods to Prana's carrier at Dr.Reddy's premises at which time risk in the Goods will pass to Prana. The payment amounts mentioned herein do not include freight, insurance and other shipping expenses for transportation of Goods from Dr.Reddy's premises to Australian port of entry or any other international port (Ex-works shipment) and Prana shall bear all such expenses, and shall reimburse Dr. Reddy's in full in case Dr. Reddy's is called upon to incur any such expenses. If requested by Prana, Dr.Reddy's will help Prana to identify an appropriate freight forwarder.

(f) All payments by Prana to Dr. Reddy's pursuant to this Agreement shall be made without any withholding or deduction of any withholding tax or other tax or mandatory payment to governmental agencies. If Prana is legally required to make any such withholding or deduction from any payment to Dr. Reddy's under this Agreement, the sum payable by Prana upon which such withholding or deduction is based shall be increased to the extent necessary to ensure that, after such withholding or deduction, Dr. Reddy's receives and retains, free from liability for such withholding or deduction, a net amount equal to the amount Dr. Reddy's would have received and retained in the absence of such required withholding or deduction.

4. Intellectual Property

(a) Dr. Reddy's acknowledges and agrees that the Prana Background IP will at all times remain the exclusive property of Prana or its relevant Affiliate. Similarly, Prana acknowledges and agrees that the Dr.Reddy's Background IP will at all times remain the exclusive property of Dr.Reddy's or its relevant Affiliate.

(b) The Parties acknowledge and agree that all Prana Arising IP is hereby assigned to and will vest in and be solely owned by Prana as and from the time of its creation,

(c) During the term of this Agreement Prana hereby grants Dr.Reddy's a royalty free, non-exclusive, non-transferable, revocable licence for the term of this Agreement to use Prana Background IP and Prana Arising IP solely for the Approved Purposes. Similarly, during the terms of this Agreement Dr.Reddy's hereby grants Prana a royalty free, non-exclusive, non-transferable licence to use Dr.Reddy's Background IP solely for the Approved Purposes.

(d) Dr.Reddy's will Prana provide all assistance and advice and execute all necessary documents as may be required by Prana from time to time, in relation to:

(i) any assignment that may be required to transfer Prana Arising IP to Prana;

(ii) any applications by Prana for Patents or other registrable intellectual property rights in respect of the Prana Arising IP; and

(iii) any applications, submissions or other documents that Prana seeks to file with a regulatory authority or other government department, agency or body to obtain an approval or consent in relation to the testing, manufacture or sale of the Compound or an API of it,

and Prana shall pay all reasonable costs and expenses incurred by Dr.Reddy's in providing such assistance.

5. Term and Termination

(a) This Agreement shall commence on the Commencement Date and shall, subject always to earlier termination under this Clause 5, continue until ninety (90) days after delivery by Dr. Reddy's to Prana of the final written report for the last Sub-Project approved by Prana.

(b) Notwithstanding any other provision of this Agreement, either Party shall have the right at any time by giving notice to the other to terminate this Agreement (or a Sub-Project in the case of the events described in paragraphs (i), (ii) or (iv)) forthwith in any of the following events:

(i) if the other Party commits a material breach of this Agreement and the breach is not capable of remedy;

(ii) if the other Party commits a material breach of this Agreement and, where such breach is capable of remedy, that Party does not remedy such breach within 30 days from service of notice upon it that it is in breach and requiring it to remedy such breach; or

(iii) if the other Party enters into liquidation, whether compulsory or voluntary (other than for the purposes of solvent reconstruction or amalgamation where the resulting Party assumes all such Party's obligations under this Agreement), or has a receiver, controller or administrator or similar official appointed over some or all it assets or compounds with its creditors or suffers any similar action in consequence of its indebtedness to creditors; or

(iv) if either Party is delayed or incapable of performing its obligations under this Agreement as a result of a matter described in Clause 13 (Force Majeure) for continuous period of 90 days or more.

(c) Notwithstanding any other provision of this Agreement, Prana may terminate this Agreement (in whole or in part) at any time by giving the Dr.Reddy's 30 days written notice.

(d) The obligations of the Parties under clauses 1, 2 (g) and (l) and (m), 3, 4, 5, 7, 8, 9(b), 11,15 16 and 17 will survive the expiry or termination of this Agreement. The obligations of the Parties under clause 6 will survive the expiry or termination of this Agreement for seven (7)years.

(e) On the expiry or termination of this Agreement or on the termination of a Sub-Project and subject to payment of consideration due under this Agreement:

(i) Dr. Reddy's must provide Prana with all outstanding updates and reports as existing at the date of such expiry/termination under clause 2 (e) for any completed or partly completed Sub-Project;

(ii) Dr. Reddy's must deliver to Prana all materials produced by it as part of any completed or partly completed Sub-Project in the quantities, form and purity that complies with Prana's requirements as set forth in the Scope of Project Works (Appendix B);

(iii) Prana must pay all sums which have accrued or been invoiced by Dr. Reddy's up to the expiry or termination date and are payable in accordance with the terms of this Agreement. If a Sub-Project is only partly completed on the expiry or termination date, then provided this Agreement or the Sub-Project has not been terminated by Prana pursuant to clauses 2 (m) (i) or (ii) or 5 (b)), Dr. Reddy's will be entitled to a proportion of its fee for that Sub-Project and non-cancellable pass-through expenses necessary to wind down such Sub-Project. Proportion of the fee shall be calculated on the basis of the percentage of the Sub-Project completed by Dr. Reddy's. If this amount is less than the total of the advance and other progress payments already paid by Prana for the Sub-Project, then Dr. Reddy's must refund the difference within 30 days of itsfee being agreed with Prana.

(iv) Dr. Reddy's must return the Prana Materials and all Material Forms of the Prana Confidential Information to Prana. In the case of Prana Materials, the Parties acknowledge and agree that Dr. Reddy's may retain samples of the Prana Materials manufactured by it so that it may comply with its cGMP obligations;

(v) Prana must return all Material Forms of the Dr. Reddy's Confidential Information to Dr. Reddy's.

(f) No expiry or termination of this Agreement shall affect any of the rights and obligations of the parties accrued up to the date of expiry or termination.

6. Confidentiality

(a) Each Party acknowledges and agrees that the Confidential Information of the other Party will at all times remain the exclusive property of that other Party. Each Party also undertakes to keep the Confidential Information of the other secret and to protect and preserve the confidential nature and secrecy of that Confidential Information.

(b) Prana agrees and acknowledges in relation to Dr. Reddy's Confidential Information, and Dr. Reddy's agrees and acknowledges in relation to Prana Confidential Information, that it:

(i) may only use or reproduce the other Party's Confidential Information for the Approved Purposes;

(ii) must not disclose the other Party's Confidential Information to any person except as permitted by this Agreement;

(iii) must not permit unauthorised persons to have access to the other Party's Confidential Information;

(iv) must not make, or assist or permit any person (including its Representatives) to make any unauthorised use, disclosure or reproduction of the other Party's Confidential Information;

(v) must ensure that any person who has access to the other Party's Confidential Information does not make any unauthorised use, reproduction or disclosure of that information;

(vi) must enforce the confidentiality obligations imposed or required to be imposed by this Agreement, including diligently prosecuting at its cost any breach or threatened breach of those confidentiality obligations by a person to whom that Party has disclosed the other Party's Confidential Information and, where appropriate, making applications for interim or interlocutory relief; and

(vii) must provide assistance reasonably requested by the other Party, in relation to any proceedings the other Party may take against any person for unauthorised use, copying or disclosure of the other Party's Confidential Information.

(c) A Party may disclose the other Party's Confidential Information to a Representative on a need to know basis but in each case, only to the extent necessary for the Approved Purposes, and provided the Representativesare placed under confidentiality obligations no less onerous than those set out in this Agreement.

(d) Each Party must procure that its Representatives (whether or not still employed or engaged in that capacity) do not do or omit to do anything which, if done or omitted to be done by that Party, would breach its obligations under this Agreement.

(e) The obligations of confidentiality and non-disclosure contained in this clause 6 do not apply if and to the extent that the Confidential Information is required to be supplied by virtue of any statute, law or regulation. Each Party must notify the other immediately if it becomes aware of any legal requirement to disclose part or all of the other Party's Confidential Information.

(f) Each Party must:

(i) establish and maintain effective security measures to safeguard the other Party's Confidential Information from access or use not authorised under this Agreement;

(ii) keep the other Party's Confidential Information under its own control;

(iii) maintain complete, accurate and up-to-date records of use, copying and disclosure of the other Party's Confidential Information and immediately produce these records to the other Party, on request; and

(iv) immediately notify the other Party of any suspected or actual unauthorised use, copying or disclosure of the other Party's Confidential Information.

(g) Either Party may at any time by notice in writing to the other Party request the return of all Material Forms of its Confidential Information in the possession, power or control of the other Party or any of its Representatives (whether or not those Material Forms were created by the other Party or its Representatives) and the other Party must immediately comply with such request. In the case of Prana Materials to be returned by Dr. Reddy's, the parties acknowledge and agree that Dr. Reddy's may retain samples of the Prana Materials manufactured by it so that it may comply with its GMP obligations.

(h) Return of the Material Forms of Confidential Information under clause 6(g) does not release a Party from its obligations under this clause 6.

7. Liability

(a) Prana will defend, indemnify and hold harmless Dr. Reddy's and its Representatives and Affiliates from and against any and all liability losses, costs, damages or expenses (including court costs and reasonable attorneys fees) incurred from or arising in connection with any claim (including claims for infringing third party intellectual property rights) arising out of or are in any way relating to:

(i) Prana's use of the Prana Arising IP, the Results, Compound, APIs or any materials produced during a Sub-Project and supplied to Prana, provided Dr. Reddy's has complied with this Agreement in relation to its performance of the Sub-Project and the Sub-Project Deliverables have been accepted by Prana in writing;

(ii) personal injuries or death to persons or property loss or damage which occur on Dr. Reddy's premises or the premises of Dr. Reddy's Affiliates as a result of the conduct of the Project to the extent that they are directly attributable to circumstances that could have been avoided by Dr. Reddy's if it had been aware of relevant information about the Compound that was knowingly or negligently with held from Dr. Reddy's by Prana; or

(iii) the breach of clauses 4 or 6 by Prana or its Affiliates or Representatives.

(b) Prana will defend, indemnify and hold harmless Dr. Reddy's and its Representatives and Affiliates from and against any and all liability losses, costs, damages or expenses (including court costs and reasonable attorneys fees) incurred from or arising in connection with any claim for infringing third party intellectual property rights arising out of or are in any way relating to Dr. Reddy's use, for Approved Purposes, of the Prana Materials, Compound APIs, Prana Background IP or Prana Arising IP.

(c) Dr. Reddy's will indemnify and hold harmless Prana, its Representatives and Affiliates from and against all costs, expenses, liabilities, losses, damages, claims and proceedings suffered or incurred by them (including proceedings for infringing third party intellectual property rights) which have arisen out of or are in any way relating to:

(i) personal injuries or death to persons or property loss or damage which occur on Dr. Reddy's' premises or the premises of Dr. Reddy's' Affiliates as a result of or in connection with any act or omission, negligence or breach of this Agreement by Dr. Reddy's or its Affiliates or any of their respective Representatives;

(ii) any use (other than for the Approved Purposes) by Dr. Reddy's or its Affiliates (or by third parties under licence from or other arrangement with Dr. Reddy's or its Affiliates) of the Prana Materials, Prana Background IP, the Prana ArisinglP, the Results or Compound APIs;

(iii) the use of Dr. Reddy's Background IP by Prana, its Representatives and Affiliates for the Approved Purposes; or

(iv) the breach of clauses 4 or 6 by Dr. Reddy's or its Affiliates or Representatives.

(d) Notwithstanding any other provision of this Agreement, neither Party will have any liability to the other Party (or any Affiliate of it) for any consequential or indirect loss or damage (including loss of profits) **("Consequential Loss")** suffered or incurred by the other Party (or any Affiliate of it), howsoever arising. This paragraph (e) will not prevent a Party recovering from the other, Consequential Loss suffered or incurred by it (or an Affiliate of it) under paragraphs(a) and (b) and(c) above.

(e) In no event will the aggregate liability of either Party for any claims made by the other Party under or in connection with this Agreement exceed the Project Price (except in relation to their respective liabilities for any claims made under clauses 7 (a), (b) and (c) which will not be subject to this limitation).

8. Warranties

(a) Each Party warrants to the other that it is duly organised, validly existing and in good standing in accordance with the applicable laws and has all necessary power and authority to enter into this Agreement and to carry out its obligations under this Agreement and to consummate the transactions contemplated hereby and that it isduly licensed or qualified to do business in its principle place of business.

(b) Each Party warrants to the other that the execution and delivery by it of this Agreement, the performance by it of its obligations hereunder and the consummation of the transactions contemplated by this Agreement have been duly authorised by all requisite action on the part of the Party, and no other corporate proceedings by it or any of its Affiliates are required in connection therewith.

(c) Each Party represents that there is no litigation pending or threatened (judicial, regulatory or otherwise) or other operational issues within its business that would or might prevent or adversely interfere with the performance of its obligations under this Agreement.

(d) During the term of this Agreement and before commencing the development and manufacture of the Compound, each Party warrants that it will (at its own cost) obtain, maintain and secure all permits, registrations and licences (including but not limited to those in respect of manufacturing and regulatory) required under applicable laws to allow it to performits obligations under this Agreement. If requested by a Party, the other Party shall submit copies of any such documents for its inspection and records. Further, the Parties hereby agree that they will promptly notify the other of any notices and non-compliances issues that have been noticed , issued or reported by any regulatory or statutory authorities and ensure that they are complied with immediately without any delay or continuing default.

(e) Each Party warrants that it has the requisite skills, resources, technology and all the rights and licences necessary for rendering services and fulfilling its contractual obligations under this agreement.

(f) Pranawarrants that the Prana Background IP and other information provided by it for use by Dr. Reddy's in the manufacture and development of the Compound pursuant to this Agreement will not violate or infringe upon the intellectual property rights of any third person. Dr. Reddy's warrants that the use of Dr. Reddy's Background IP or other Dr. Reddy's Confidential Information by either Party for the Approved Purposes will not violate or infringe upon the intellectual property rights of any third person.

(g) EXCEPT AS AGREED UNDER THIS AGREEMENT DR. REDDY'S MAKES NO WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY REGARDING OR RELATING TO THE PERFORMANCE OF THE OBLIGATIONS UNDER THIS AGREEMENT. TO THE EXTENT PERMITTED BY LAW, DR. REDDY'S SPECIFICALLY DISCLAIMS ALL IMPLIED WARRANTIES OR MERCHANTABILITY FOR A PARTICULAR PURPOSE OF RENDERING SERVICES FOR THE PROJECT UNDER THIS AGREEMENT.

9. Hazardous Information

Pranawill make all information (if any) which it has available to it concerning the health and other hazards of the Compound and its synthesis and any other materials including reference standards provided by Prana to Dr. Reddy's for the purpose of the Project. Dr. Reddy's must assess these hazards and take the necessary measures in relation to the Project to:

(a) ensure the safety of its Representatives; and

(b) avoid any loss or damage to its premises or property.

10. Assignment and Subcontracting

(a) Neither Party shall assign this Agreement or any of its rights and obligations under it to any third party without first obtaining the prior written consent from the other.

(b) Dr. Reddy's must not subcontract any of its obligations under this Agreement without the prior written consent of Prana.

(c) If Prana, in its absolute discretion, consents to the subcontracting of the performance of any of the Project Works, then:

(i) Dr. Reddy's shall remain fully responsible for the performance of the Project Works and must continue to comply with each and every one of its obligations under this Agreement;

(ii) without limitation, all acts or omissions of the subcontractor shall be deemed acts or omissions of Dr. Reddy's; and

(iii) Dr. Reddy's must ensure that any subcontractor so engaged complies with, and enters into a written agreement with Dr. Reddy's under the terms of which the subcontractor agrees to comply with all relevant provisions of this Agreement as if it were a party to this Agreement.

11. Notices

(a) A notice, consent, approval or other communication (each a **Notice)** under this agreement must be signed by or on behalf of the Party giving it, addressed to the Party to whom itis to be given and:

(i) delivered to that Party's address;

(ii) sent by pre-paid mail to that Party's address; or

(iii) transmitted by facsimile to that Party's address.

(b) A Notice given to a Party in accordance with this clause 10 is treated as having been given and received:

(i) if delivered to a Party's address, on the day of delivery if a Business Day, otherwise on the next Business Day;

(ii) if sent by pre-paid mail, on the tenth Business Day after posting; or

(iii) if transmitted by facsimile to a Party's address and a correct and complete transmission report is received, on the day of transmission if a Business Day, otherwise on the next Business Day.

(c) For the purpose of this clause the address of a Party is the address set out below or another address of which that Party may from time to time give notice to the other Party:

If to Prana:	Dianne Angus Chief Operating Officer Prana Biotechnology Ltd Level 2, 369 Royal Parade, Parkville Victoria 3052 Facsimile: +61 3 9348 0377
If to Dr. Reddy's:	Mr. Manoj Mehrotra Vice President – Global CPS head Custom Pharmaceutical Services, Dr. Reddy's Laboratories Limited Bollarum Road, Miyapur, Hyderabad, Andhra Pradesh, India- 500049 Facsimile: +91 40 4465 8654

12. Entire Agreement

The Confidentiality Agreement between the Parties dated 15 January 2013, the LOI, the Quality Agreement (as amended pursuant to clause 2 (i)) and this Agreement set forth the entire agreement between the Parties as to its subject matter. In the event of any incompatibility between the terms of this Agreement and the said Confidentiality Agreement LOI and Quality Agreement, the terms of this Agreement shall prevail and take priority. None of the terms of this Agreement shall be amended except in writing signed by both Parties.

13. Force Majeure

A Party shall not be liable for a failure to perform any of its obligations under this Agreement (other than a payment obligation) due to any cause or circumstance which is beyond its reasonable control, including without limitation, acts of God, wars, riots, interference by military or para-military, strikes, lock-outs or other labour unrest, fires, explosions, shipwrecks, shortage in material if the supplier(s) of such material is unable to supply due to causes and circumstances beyond their control as exemplified above **("Force Majeure Event**") provided always that such failure or delay could not have been prevented by reasonable precautions. In the case of Force Majeure, the obligations of the Party affected shall be suspended and it shall not be liable for damages or for penalties for non-performance to the extent that such non-performance is caused by the Force Majeure event with the proviso that if the Force Majeure period should extend more than three (3) months then the other Party shall have the right to terminate this Agreement forthwith upon written notice at any time after expiration of said three (3) months period. In addition, non-performance shall only be excused during the continuation of the Force Majeure event.

14. Independent Contractors

The parties are independent contractors and this Agreement shall not be construed as creating or evidencing a partnership, agency, employment or joint venture relationship between them.

15. Dispute Resolution

(a) If a dispute arises in connection with this Agreementor relating to this Agreement including its interpretation and any question regarding its existence, validity or termination, then a Party wishing to have the dispute resolved must give the other Party a notice specifying the dispute and requiring its resolution under this clause **15 ("Dispute Notice").**

(b) Within 14 days of the date of service of the Dispute Notice, each Party must:

(i) appoint a Representative with authority to negotiate and settle the dispute; and

(ii) notify the other Party in writing of the appointed Representative's name and contact details.

(c) The authorised Representatives and the Parties that they represent must then use their reasonable endeavours to resolve the dispute within 42 days of the date of service of the Dispute Notice. If they fail to resolve the dispute within this period, then either Party may institute court proceedings.

(d) A Party may not commence court or any other proceedings in relation to a dispute arising in connection with this Agreement until it has exhausted the procedures in this clause, unless the Party seeks injunctive or other interlocutory relief to preserve property or rights or to avoid losses that are not compensable in damages.

16. Governing Law and Jurisdiction

(a) This Agreement shall be construed, governed, interpreted, and applied in accordance with the laws of England and the courts located at London shall have the exclusive jurisdiction to entertain and resolve all the disputes between the Parties.

(b) Each Party irrevocably and unconditionally:

(i) submits to the jurisdiction of the courts of England; and

(ii) waives any claim or objection based on absence of jurisdiction or inconvenient forum.

(c) The rights and obligations of the parties under this Agreement shall not be governed by the United Nations Convention on Contracts forthe International Sale of Goods (1980).

17. Miscellaneous

(a) No forbearance or tolerance on the part of the either Party of any breach of this Agreement by the other shall constitute waiver of the requirements of this Agreement. A right may only be waived in writing, signed by the Party giving the waiver.

(b) The parties hereby agree that any provisions of this agreement which are held to be invalid and unenforceable in law shall not by itself make this Agreement invalid nor effect the other provisions of this agreement and the other terms shall remain fully enforceable and valid in law.

(c) Each Party agrees to do all things and execute all agreements, instruments, transfers or other documents as may be necessary or desirable to give effect to the provisions of this Agreement and the transactions contemplated by it.

(d) This Agreement may be executed in any number of counterparts. All counterparts together will be taken to constitute one instrument.

Executed by the Parties by their duly authorised representatives

Prana Biotechnology Ltd

By 

(Name): Dianne Angus

(Title): Chief Operating Officer

(Date): 2 August 2013

Dr. Reddy's LaboratoriesLimited

By 

(Name): ManojMehrotra

(Title): Vice President – Head of Global CPS business

(Date): 19th August 2013.

Appendix A

PROJECT WORKS AND TIMETABLE

Project item (Sub-Project)	Responsible Party	Milestone Payment USD	Timeline
1- Completion of Process Development Work *(towards filtration)*	Dr Reddy's	**USD$45,000**	**Commence April 1st 2013 "Start Date". Milestone payment on completion.**
2- Completion of Analytical Validation Work	Dr.Reddy's	**USD 40,000**	**Commence April 1st 2013 "Start Date". Milestone payment on completion.**
3- Receipt of Importation License	Dr. Reddy's		**1 weekahead of the planned shipment of each batch of Chlorquinaldol: 22nd July for 300kg and 17th October for 600kg**
4- Chloroquinaldol shipment to Dr. Reddy's manufacturing site	Prana		**Within 17 weeks from Start Date: 29th July 2013** **Estimated arrival at Chennai airport: 6 August 2013**
5- <u>20 Kg Campaign</u> a) Commence 20kg PBT2 HCI Manufacture in plant under cGMP (as per agreed specifications).	Dr. Reddy's	**USD 45,000***	**Within thirteen working days from receiving the shipment of 300kg of Chloroquinaldolat Chennai airport (6 working days are allocated for Customs clearance and transport to Dr. Reddy's manufacturing site and 7 working days for analytical testing).** **Provision:** necessary documentation will be provided by Axyntis to clear the shipment at receiving port (Airway Bill to be received prior to shipment leaving France) and enter the chlorquinaldol in Dr. Reddy's QA systems (Axyntis QA Agreement and linking statement to be received prior to shipment arriving at Dr. Reddy's facility). Delays in receiving this information will incur a change in the above dates. **26st August 2013;** **"Manufacture Start Date"**.**

20 <u>Kg Campaign</u> b) Completion of 20kg Manufacturing Campaign of PBT2 HCI undercGMP(as per agreed specifications), acceptance of Certificate of Analysis and executed batch records by Prana.	Dr. Reddy's	**USD 160,000** **and** **USD 25,000***	**13th December 2013 being 16 weeks from Manufacture Start Date.**
c) Option for Prana to order the raw materials for the 40kg campaign (at cost, up to a max of USD 70,000 if Prana does not proceed with 40kg campaign)			**13th November or before – if Prana wants to preserve the timelines for the 40kg campaign**
<u>20Kg Campaign</u> d) Stability Study *(48 months as per ICH guidelines)*	Dr. Reddy's	**USD 36,000**	**Incremental payments per time point over 48 months.**
<u>20Kg Campaign</u> **e) <u>20 kg Campaign overage</u>**		**Prana will pay 50% of the USD 8,640 per Kg price for PBT2 in excess of 20Kg - up to a maximum of 6Kg *****	
<u>20Kg Campaign</u> f) Manufacturing Report	Dr. Reddy's	**USD 40,000**	**Milestone payment on completion**
6- <u>Authorization from Prana to proceed with 40kg Campaign</u>	Prana		**Within 1 month after acceptance of Certificate of Analysis for the 20Kg Campaign**

7- <u>40Kg Campaign</u> a) Commence 40kg PBT2 HCI Manufacture in plant under cGMP (as per agreed specifications).	Dr. Reddy's	**USD 45,000***	**"Second Manufacture Start Date". 2 weeks after Authorization by Prana.**
40 <u>Kg Campaign</u> b) Completion of 40kg Manufacturing Campaign of PBT2 HCI under cGMP (as per agreed specifications), acceptance of Certificate of Analysis and executed batch records by Prana.	Dr. Reddy's	**USD 205,600** **and** **USD 45,000***	**24 weeks from Second Manufacture Start Date**
c) **<u>40Kg Campaign overage</u>**		**Prana will pay 50% of the USD 8,640 per Kg price for PBT2 in excess of 40Kg - up to a maximum of 6Kg *** **	
<u>40Kg Campaign</u> d) Stability Study *(48 months as per ICH guidelines)*	Dr. Reddy's	**USD 36,000**	**Incremental payments per time point over 48 months.**
<u>40Kg Campaign</u> g) Manufacturing Report	Dr. Reddy's	**USD 50,000**	**Milestone payment on completion**

***Milestone payment is forfeited if Timeline is not met.**

****Manufacture Start Date is 26st August 2013, unless Prana's shipment of Chlorquinaldol is delayed, or if there is any quality issues with the Chloroquinadol (after testing by Dr. Reddy's within one week of receipt) in which case Milestone payments will be deferred relative to the new Manufacture Start Date.**

***** Any overage beyond that specified in Project Items 5 (e) and 7 (c) will be provided to Prana at no charge**

Appendix B

SCOPE OF PROJECT WORKS

Definitions

The terms below as used in the Project Works Specification have the following meanings:

(a) "KSM" means "key starting material" and is the chemical substance representing starting point of the manufacture of the API and is incorporated as a significant structural fragment into the structure of the API. For the manufacture of PBT2, the KSM is chlorquinaldol.
(b) "BPR" means "batch production record" and is a documented description of the operations to be performed, the precautions to be taken and measures to be applied directly or indirectly related to the manufacture of an intermediate or API.
(c) "CoA" means "certificate of analysis"
(d) "ICH" means International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use.
(e) "Quantitation Limit" means the lowest amount of analyte in a sample that can be quantitatively determined with suitable precision and accuracy.
(f) "Detection Limit" means the lowest amount of analyte in a sample that can be detected, but not necessarily quantitated as an exact value.
(g) "DSC" means "differential scanning calorimetry" , an analytical technique.
(h) "Sub Project" means a "Project item" listed in Appendix A and specified in this Appendix B.
(i) "SS-NMR" means "solid-state nuclear magnetic resonance", an analytical technique.
(j) "FT-IR" means "Fourier transform infrared spectroscopy", an analytical technique.
(k) "USP" means the edition of the United States Pharmacopeia–National Formulary that is current at the time of execution of the Sub-project.

Sub-Project 1: Process Development (optimizing filtration)

The scope for this work will involve identifying improvements to the process that result in optimized filtration rates, ensuring better filterability, and improved reaction yields.

The initial part of this work will be a "on paper" familiarisation of the team with the process as used in the 2010 manufacturing campaign, including astage wise evaluation. The result of this work will be an optimization plan which will be discussed with Prana. The priorities for the work will be agreed between Prana and Dr.Reddy's and the process optimisation work will begin. Priorities will be reviewed on a regular basis during the process optimisation. Once the final process is agreed on between the parties, Dr.Reddy's will demonstrate the new process by preparing Lab Assurance Batches. Those Lab Assurance Batches will form the basis of the Technology Transfer package to the manufacturing plant.

Examples of areas to be considered for optimisation:

(a) Stage-1 (N-Oxide preparation):

Brief process: The chloroquinoldol (KSM) N-oxide formation is performed with hydrogen peroxide in presence of catalytic amount of sodium tungstate in IPA.

Safety concern: Reaction is clean and was demonstrated to be scalable in last two campaigns but the N-oxide product itself posseses an occupational health hazard as it is a potential genotoxic impurity. Since soluble N-oxide was carried to MLs (mother liquor) during filtration of the product, hence we need to make sure that it is properly quenched/ degraded before MLs is discarded. In this regard we need to fine tune the analytical method for proper quenching.

Recommendations: Explore possibility of solvent extraction technique to avoid filtration and physical handling of this genotoxic intermediate.

(b) Stage-2 & 3 (Acetylation):

Brief process: The Quinoline N-oxide (CDDQ1) was acetylated using acetyl chloride solid product CDDQ2 (not isolated) was taken for hydrolysis in aqueous sodium hydroxide and IPA, followed by pH adjustment to yield product CDDQ3.

Critical parameter:

1) Handling of starting material (to be done by using proper PPEs)

2) pH is critical for the product isolation

3) Use of dioxane in the process

Recommendations: Required to explore alternative solvent to replace dioxane in reaction.

(c) Stage-4 (Chlorination):

Brief process: CDDQ3 was then converted to chloromethyl derivative CDDQ4 using thionyl chloride.

Scale up issues:

1) It was observed in the last campaign that the isolation of this intermediate was very cumbersome because of very fine particle size. Due to this fine nature, it took ~14 days to complete filtration in ANFD. Hence a need exists to revisit isolation procedure to avoid filtration problems in plant

Recommendations: Crystal size needs to be improved to reduce the filtration time cycle. This requires fit to purpose crystallization studies.

2) Filtration to be done in a single phase system instead of heptane+water medium and appropriate equipment to avoid filtration problems

3) Another approach would be to take this material in toluene to the next stage avoiding the isolation provided we show the cutoff of CDDQ1 (genotoxic impurity) at CDDQ3.

(d). Stage-5 (Amination):

Brief process: Aminalion of 5,7-dichloro-2-(chloromethyl)quinolin-8-ol (CDDQ4) was performed with dimethyl amine solution in toluene. After completion of reaction, product was isolated by pH adjustment with hydrochloric acid (pH 6.0-6.5).

Scale up issue: Assay of the product is less (~65%)

Recommendations: The root cause of low assay needs investigation in lab.

(e) Stage-6 & 7 (Re crystallization):

Brief process: Re crystallization of (5,7-dichloro-2-((dimethylamino) methyl)quinolin-8-ol hydrochloride (CDDQ5i) was done in IPA-Water to give pure API.

Scale up issues:

1) Poor yield was observed in order to get desired quality of the product.

2) Polymorph inconsistency.

3) Depletion of genotoxic impurity.

Recommendations:

A single re crystallization method needs to be established to enrich the yield without affecting quality and polymorph. Whether this is possible is entirely dependent on the Assay of CDDQ5i and number of carbon treatments. The feasibility of having a single recrystallization will be determined based on the lab assurance batches done following all the improvements to the earlier steps, as well as the existing first recrystallization process. In the event that a single recrystallization is mutually agreed to be viable, process development work will be agreed on and conducted to ensure success in the plant.

As crystallisation studies can be time-consuming, it is agreed here that any studies involving the variation of ratios of IPA and water, or the use of other solvents are outside the scope of this agreement. In the event that Prana wished to investigate these options, Prana and Dr. Reddy's would need to mutually agree on the scope, resources and aim of crystallisation studies. Delivery time for such activities would need to be reconsidered appropriately.

Deliverabies:

- A Lab Assurance Batch of PBT2 manufactured using the final agreed modified process resulting from the process optimisation. The Lab Assurance Batch must meet all specifications at every stage of the manufacture.
- All records pertaining to the Lab Assurance Batch including release data for all intermediates, a Certificates of Analysis for PBT2, experimental details and methods for the manufacture.
- A report describing the Process Optimisation work (including failed attempts) and the final Lab Assurance Batches manufacture.

Sub-Project 2: Completion of Analytical Validation Work

The scope of this Sub-Project includes the refinement of existing methods and the establishment of further methods by Dr. Reddy's to meet all the regulatory requirements for a Phase 3 trial.

(a) Identification by IR and HPLC:

1) Specificity for FT-IR method to be performed. Ref: USP< 1225>

(b) Quinoline Chloride and Quinoline-N-Oxide by LC/MS/MS:

1) Justification of determination of accuracy with only 2 different concentrations. Justification to be provided.
2) Robustness for HPLC parameters e.g. flow rate, mobile phase composition and column temp

(c) Water content by Karl Fisher:

1) Verification as per USP< 1226> and 21 CFR 211.194(a)(2)

(d) Polymorphic form determination:

1) Qualification of the method to be addressed, with USP<761> and ICH Q2 (R1). Only specificity is required. To perform the specificity, Prana need to supply other morph (Form-II) in pure form. Initially Dr.Reddy's have checked the method for Form-I & impure Form-II and data was shared with Prana. Prana will try and provide some pure Form II.

2) Analysis will be outsourced; reports will be prepared and shared by Dr.Reddy's team.

(e) Chloride Content:

1) Information on specificity to be included in validation report. We need to put some extra effort on this activity to show the method is specific to PBT2.HC1. We will spike CDDQ5 freebase and show that there is no interference of CDDQ5 free base in titration

(f) Tungsten Content:

1) Information on specificity to be included in validation report, together with a sample spectrum. Report will be amended to include the statement on specificity

(g) Particle size distribution:

1) Qualification as per USP<429>: Dr.Reddy's will do the Verification.

(h) Microbial method:

Verification or qualification (USP<1226> and 21 CFR 211.194(a)(2). Dr.Reddy's need to outsource this activity.

In addition to the above, changes to the process may lead to additional requirements in terms of analytical methods (such as a change in solvent). Any additional methods required will be developed and validated as part of this project.

Deliverables for each method:

- Method
- Updated specifications
- Method Validation reports.

Sub-Project 3: Receipt of Importation License

Dr Reddys will apply for and obtain an Importation License for up to 600Kg of Chlorquinaldol from Axyntis Group –Synthexim in France to enable Prana to arrange shipment to Dr Reddys manufacturing site,

Deliverable: Importation License

Sub-Project 4: Chloroquinaldol shipment to Dr, Reddy's manufacturing site

Prana will arrange shipment of the Chloroqinaldol from Axyntis Group –Synthexim in France at its cost.

Deliverables:

- 300Kg of Chlorquinaldol to be shipped to Dr. Reddy's for Sub project 5 by ten working days prior to Manufacture Start Date (by 29th July)
- 600Kg of Chlorquinaldol to be received. by Dr. Reddy's for Sub-project 7 by one week prior to Second Manufacture Date

Sub-Project 5: GMP manufacture of 20 kg PBT2 HCI:

a) Commence 20kg PBT2 HCI Manufacture in plant under cGMP (as per agreed specifications.

(i) Dr. Reddy's will manufacture 20 kg of PBT2 drug substance according to the applicable regulatory and statutory requirements of current Good Manufacturing Practices (GMP) (US 21 CFR parts 210 and 211 and ICH Q7) in the following scenario:

(ii) Dr.Reddy's will strictly adhere to all the decisions agreed after the 2010 manufacture of PBT2 and during Process Development (Sub-project 1) with regards to the type and material of construction of the equipment to be used in the manufacture, the quality and suppliers of reagents and solvents, the type of reactors to be used, the timing of use of the Cleanroom etc Any changes in equipment, master batch records, specifications, methods or any other aspect of the manufacture from the previous 2010 manufacture that are not explicitly justified in the Process Development report (sub-project l)will need written approval by Prana.

Deliverables:

- Technology transfer for Stage 1 to be completed
- Master batch records for Stage 1 to be approved
- Reactors assigned to Stage 1 to be washed and ready for use in PBT2 manufacture
- All personnel assigned to PBT2 manufacture to be identified and available
- Chlorquinaldoland all reagents and solvents to be used in Stage 1 to
- be received and released for use
- Stage 1 to be initiated in the plant

(b) Completion of 20kg Manufacturing Campaign of PBT2 HCI under cGMP (as per agreed specifcations), acceptance of Certificate of Analysis and executed batch records by Prana.

(i) The manufacture will proceed as per the agreed master batch records. Prana will be informed of all deviations, however minor, and those will be dealt with as per the Quality Agreement.

(ii) All results will be communicated to Prana immediately. Any result that raises questions will be communicated to Prana ahead of any internal investigation so Prana can be take part in resolving issues.

(iii) The existing analytical methods as well as the refined analytical methods as per Sub Project 2, will be used to release intermediates and final materials. All intermediates and final material will meet the specifications agreed with Prana prior to manufacture.

(iv) The batch polymorphic form will match that of PBT2 batch AFFH001457 manufactured by Dr. Reddy's in 2010.

(v) Mother liquors from the last recrystallization step, intermediates and crude samples from the GMP manufacture will be retained in the Dr. Reddy's facilities for a period of up to 90 days after the completion of the Project. After which time Prana will have the option to either ship the materials to another site at cost to Prana, request further storage in the Dr. Reddy's facilities at a cost to Prana agreed to by both parties or have these materials destroyed or disposed of by Dr. Reddy's according to their regular procedures. If prior to 90 days Prana decides to engage Dr. Reddy's for recovery development and/or impurity work using these materials, they will be retained at Dr. Reddy's for those purposes.

Deliverables:

- Technology transfer for Stage 2 onwards to be completed
- Master batch records for Stage 2 onwards to be approved
- Release data for all intermediates and final material to be received and approved by Prana
- Certificate of Analysis, Certificate of GMP compliance and other release documents to be received by Prana and approved
- Master Batch records for all stages to be provided to Prana, reviewed and any amendments and comments attended to.
- All information relevant to the manufacture and required for a FDA IND regulatory filing to be provided to Prana, including but not limited to, the description of the manufacturing process, batch traceability, Certificates of analysis of all reagents and solvents. In addition, Dr. Reddy's should record all suggestions for improvement in future campaigns or areas in need of further investigation.. Such information should be provided in a Manufacturing Campaign Report

(c) Option for Prana to order the raw materials for the 40kg campaign (at cost, up to a maximum of USD 70,000 if Prana does not proceed with 40kg campaign).

(d) Stability Study (48 months as per ICH guidelines):

A stability study, conducted according to the according to the ICH guideline "Q1A(R2) Stability Testing of New Drug Substances and Products", will commence immediately after manufacture of 20 Kg GMP PBT2 API. The existing analytical methods as well as the refined analytical methods as per Sub Project 2, will be used for the stability studies (6 month accelerated study and 48 months long term study). The accelerated study will have following data points – 0, 1, 2, 3, and 6 months. The long term study will have the following data points – 0, 1, 3, 6, 9, 12, 18, 24, 36 and 48 months.

Deliverables for each timepoint:

- Updated QA-checked stability report to be received within 2 weeks of pulling the samples
- Raw data

Sub-Project 6: Authorization from Prana to proceed with 40kg Campaign

Authorization to proceed or not to proceed to Sub-Project 7 is due within one month after Prana's acceptance of Certificate of Analysis.

Sub-Project 7: GMP manufacture of 40 kg PBT2 HCl:

(a) Commence 40kg PBT2 HCI Manufacture in plant under cGMP (as per agreed specifications)

(i) Dr. Reddy's will manufacture 40 kg of PBT2 drug substance according to the applicable regulatory and statutory requirements of current Good Manufacturing Practices (GMP) (US 21 CFR parts 210 and 211 and ICH Q7) in the following scenario:

(ii) Dr.Reddy's will strictly adhere to all the decisions agreed after the 2010 manufacture of PBT2, during Process Development (Sub-project 1) and during and after the manufacture of 20kg (subproject 5 above) with regards to the type and material of construction of the equipment to be used in the manufacture, the quality and suppliers of reagents and solvents, the type of reactors to be used, the timing of use of the Cleanroom etc Any changes in equipment, master batch records, specifications, methods or any other aspect of the manufacture from the previous 2010 manufacture that are not explicitly justified in the Process Development report (sub-project 1) or the campaign report for the 20kg manufacture (subproject 5 above) will need written approval by Prana.

Deliverables:

- Master batch records for Stage 1 to be approved
- Reactors assigned to Stage 1 to be washed and ready for use in PBT2 manufacture
- All personnel assigned to PBT2 manufacture to be identified and available
- Chlorquinaldol and all reagents and solvents to be used in Stage 1 to be received and released for use
- Stage 1 to be initiated in the plant

(b) Completion of 40kg Manufacturing Campaign of PBT2 HCI under cGMP (as per agreed specifications), acceptance of Certificate of Analysis and executed batch records by Prana.

(i) The manufacture will proceed as per the agreed master batch records. Prana will be informed of all deviations, however minor, and those will be dealt with as per the Quality Agreement.

(ii) All results will be communicated to Prana immediately. Any result that raises questions will be communicated to Prana ahead of any internal investigation so Prana can be take part in resolving issues.

(iii) The existing analytical methods as well as the refined analytical methods as per Sub Project 2, will be used to release intermediates and final materials. All intermediates and final material will meet the specifications agreed with Prana prior to manufacture.

(iv) The batch polymorphic form will match that of PBT2 batch AFEH001457 manufactured by Dr. Reddy's in 2010.

(v) Mother liquors from the last recrystallization step, intermediates and crude samples from the GMP manufacture will be retained in the Dr. Reddy's facilities for a period of up to 90 days after the completion of the Project. After which time Prana will have the option to either ship the materials to another site at cost to Prana, request further storage in the Dr. Reddy's facilities at a cost to Prana agreed to by both parties or have these materials destroyed or disposed of by Dr. Reddy's according to their regular procedures. If prior to 90 days Prana decides to engage Dr. Reddy's for recovery development and/or impurity work using these materials, they will be retained at Dr. Reddy's for those purposes.

Deliverables:

- Master batch records for Stage 2 onwards to be approved
- Release data for all intermediates and final material to be received and approved by Prana
- Certificate of Analysis, Certificate of GMP compliance and other release documents to be received by Prana and approved
- Master Batch records for all stages to be provided to Prana, reviewed and any amendments and comments attended to.
- All information relevant to the manufacture and required for a FDA IND regulatory filing to be provided to Prana, including but not limited to, the description of the manufacturing process, batch traceability, Certificates of analysis of all reagents and solvents. In addition, Dr. Reddy's should record all suggestions for improvement in future campaigns or areas in need of further investigation.. Such information should be provided in a Manufacturing Campaign Report

(c) 40kg PBT HCI Campaign Overage

Prana will pay 50% of the USF8,640 per Kg price for PBT2 in excess of 40Kg – up to a maximum of 6Kg.

(d) Stability Study (48 months as per ICH guidelines)

A stability study, conducted according to the according to the ICH guideline "Q1A(R2) Stability Testing of New Drug Substances and Products", will commence immediately after manufacture of 40 Kg GMP PBT2 API. . The existing analytical methods as well as the refined analytical methods as per Sub Project 2, of this appendix, will be used for the stability studies (6 month accelerated study and 48 months long term study). The accelerated study will have following data points – 0, 1, 2, 3, and 6 months. The long term study will have the following data points – 0, 1, 3, 6, 9, 12, 18, 24, 36 and 48 months.

Deliverables for each timepoint:

- Updated QA-checked stability report to be received within 2 weeks of pulling the samples
- Raw data

Proposal for 28-Day Oral Toxicity Study in CbyB6F1 Mice with a Preliminary 5 Day Range Finder

Proposal: P-30052 - Prana Biotechnology Ltd - v01

Submitted by:

Diane Brecha
Manager US Toxicology Commercial Operations
BioReliance Corporation
14920 Broschart Road
Rockville, MD 20850

To:

Elisabeth Gautier
Prana Biotechnology Ltd
Level 2, 369 Royal Parade
Parkville, Victoria 3052

Issue Date:

18 June 2013

This proposal is valid for the next sixty (60) days from the submission date.

Proposal for 28-Day Oral Toxicity Study in CbyBF61 Mice with a Preliminary 5 Day Range Finder

1. Objective:

The purpose of this study is to assess the toxicity of PBT2 following oral gavage daily dosing for 5 (preliminary) or 28 days in mice. Toxicity endpoints will be assessed at various timepoints post dose.

2. Scope of Work:

Based on the preliminary information provided by the client, the following are considered to be the estimated milestones of this project. The scope of the project and price may change upon receipt of additional information. Upon signature of the proposal as intent to move forward, Project Management will schedule a project kick off meeting to review deliverables, requirements and timelines.

❖ **Milestone 1: 28-Day Oral Toxicity Study with a preliminary 5 Day Range Finder (Assay code: 2G3R.BTL)**

a. 10 mice/sex/dose; 3 dose groups plus VC; oral gavage dosing daily for 28 days; weekly dose formulations; TK sample collection on Study Day 1 and end of study, 6 timepoints per day, (one timepoint VC), 3 mice/sex/group/timepoint; body weights, clinical signs; clinical pathology end of study (5 mice/sex/group); full necropsy with organ weights; histopathology high dose and vehicle with a read down of target tissues at an additional charge

b. 5 Day Study includes 5 dose groups plus vehicle control; 5/sex/group; 5 days of dosing; body weights, clinical signs (NO TK).

❖ **Milestone 2: Analytical Method Validation and Dose Formulation Analysis (Assay code: MTCHEM.BTL and DSAMT.BTL)**

a. Transfer validation, one test article, one vehicle on HPLC

b. Dose formulation analysis for 3 dosing suspensions to be analyzed (per run) on HPLC or GC; 2 analyses total – from first and last batches prepared.

c. If the assay performs per specifications, BioReliance will move to the next Milestone

a. If further development is required, BioReliance will work with the client to determine the scope of that work and generate a new proposal, an amendment to this proposal or a quote

❖ **Milestone 3: Toxicokinetics Analysis Report (Assay code: TKA.BTL)**

a. PK/TK calculations with tables

- **Regulatory Requirement: GLP**
- **Deliverables to the client: Interim data updates, data tables, draft report, final report**
- **Requirement from the client: test article, signed proposal and PO, signed study protocol, COA, MSDS**

Note: **Any changes to the scope of this study including, but not limited to design, performance, materials and/or equipment are subject to BioReliance change control process, which may result in additional cost to the client.**

Note: Unless otherwise stated or requested, this study will be conducted in compliance with the U.S. FDA Good Laboratory Practice regulations (21 CFR Section 58) and the OECD Principles of Good Laboratory Practice. BioReliance is fully accredited for GLP.

3. Contacts:

BioReliance point of contact for this project will be:

Diane Brecha
Manager US Toxicology Commercial Operations
301-260-7544
diane.brecha@bioreliance.com

Jo-Anne Burlew
Project Manager
301-610-2233
Jo-anne.burlew@bioreliance.com

Client point of contact for this project will be:

Elisabeth Gautier
Level 2, 369 Royal Parade
Parkville, Victoria 3052
Australia
+61 3 9349 4906
egautier@pranabio.com

4. **Study Price:**

Description	Assay Number	Price ($)
Milestone 1: 28-Day Oral Toxicity Study in Mice with a 5 Day Preliminary Range Finder	2G3R	$ 298,000
Milestone 2: Analytical Method Validation and	MTCHEM and	$ 10,260
Dose Formulation Analysis	DSAMT	$ 6,300
Milestone 3: Toxicokinetics Analysis Report	TKA	$ 7,700
Total		**$ 322,260**

Note: The pricing information provided in this proposal is an estimate based on the details available. Any changes to the scope of this study including, but not limited to design, performance, materials and/or equipment are subject to BioReliance change control process, which may result in additional cost to the client.

All data and results generated from a client test article run on a BioReliance assay are confidential and are solely owned by the client. In addition, all data and results generated from a client test article on a BioReliance assay cannot be shared with any other entity without first receiving written permission from the client.

The study will be performed in accordance with the appropriate Protocol.

Our basic compensation for performing this Study shall be stated as above. ***Basic compensation includes issuance of one draft report (if requested) for Sponsor review and comment prior to finalization of the report. If no comments to the draft report are received within 6 months of issuance of the draft report, BioReliance reserves the right to issue a final report. Any changes made after the final report is issued will be done at an additional cost to the Sponsor.***

For any assay design or qualification BioReliance shall receive correct information from the Client or use appropriate information from public domains. BioReliance will use its experience to guide an optimal design. The assay is the property of BioReliance and BioReliance is the exclusive owner of any and all rights related to the assay. The Client shall not use and has no right to perform, commercialize, transfer, divulge or apply the assay to any other project or other entity's samples without the express written consent of BioReliance.

By initiating this study neither party grants or implies the transfer of any Intellectual Property.

5. Payment Terms

Unless superseded by a separate, signed written agreement between BioReliance and Client, invoices shall be paid in accordance with the following terms, contingent on a satisfactory credit review:

For 5/28 Day Study:

% of Total Invoice	Time of Invoice Submission
36%	Upon initiation of study or arrival of animals for 5 day study
34%	Forty-five (45) days after initiation of study
30%	Forty-five (45) days after delivery of the draft report

Unless otherwise agreed in writing by BioReliance, payment shall be due net thirty (30) days from the date of the invoice.

6. Timeline

- BioReliance Project Management will generate a project plan to be reviewed and agreed to with the client and toxicology operations.
- BioReliance Project Management will keep the client informed of any schedule changes during the course of a study.

7. Cancellation

Unless superseded by a separate, signed written agreement between BioReliance and Client the following cancellation fee will apply to each Project:

- Cancellation within 2 weeks of Lab Initiation: 20% of the total cost of project
- Cancellation after Lab Initiation: 50% of all initiated assays or Milestones
- Cancellation after Lab Completion: 90% of all Lab completed assays or Milestones

8. Terms and Conditions

Except to the extent superceded by a separate signed written agreement between BioReliance and the Client, this study will be governed by the relevant BioReliance Statement of Terms and Conditions, which are incorporated herein by reference. Terms and Conditions are available at http://www.bioreliance.com/downloadable forms conditions.aspx.

9. Repeats

Repeat testing may be subject to additional charges to the client. Prior to initiating any work, including repeat testing, considered out of scope for this proposal, BioReliance Project Management or Account Manager will review with the client by means of a change control with quotation and/or proposal amendment.

10. Risk Assessments and Safety

Any known safety hazards associated with the test articles or reagents supplied for use in these studies must be reported to BioReliance in order to allow a full risk assessment of the study to be conducted. Please be aware that there may be a requirement for licences to import and/or handle certain biological or infectious materials, and it is essential that these be in place before shipment of materials is arranged. Please note that no work shall commence until all relevant risk assessments and licences are in place.

11. Signatures

As intent to move forward on the aforementioned study, BioReliance requires a hard copy of a valid Purchase Order and signature below by an authorized company representative.

Prana Biotechnology Ltd:	**BioReliance:**
	
Signature	**Signature**
DIANNE ANGUS	**Diane Brecha**
Name	**Name**
Chief Operating Officer	**Manager, US Tox Comm Ops**
Title	**Title**
24 June 2013	**18 June 2013**
Date	**Date**

Confidentiality

This document has been prepared by and remains the sole property of BioReliance. It is submitted to the Client solely for use in evaluating BioReliance's qualifications and/or quotations concerning the particular projects for which it was prepared. This document is confidential to BioReliance, and the Client agrees to treat the document in accordance with the terms of any Confidentiality Agreements previously signed and, in any event, shall not disclose to any third party without the consent of BioReliance not to be unreasonably withheld.

STATEMENT OF TERMS AND CONDITIONS
Toxicology Services

Client shall be bound by this Statement of Terms and Conditions dated 21 June 2013 for Toxicology Services ("Terms') upon Client's submission to BioReliance of a purchase order for a Study (as defined below). These Terms, together with the Protocol (as defined below), shall constitute the Agreement, Client is: Prana Biotechnology Ltd.

1. STANDARD OF PERFORMANCE. BioReliance Corporation ("BioReliance") will perform all studies (each, a "Study") using due care in accordance with (a) the study protocol ("Protocol"), (b) generally prevailing industry standards, and (c) Good Laboratory Practices and/or other applicable laws and regulations ("Regulations") applicable to the Study being performed, as amended from time to time. BioReliance will make commercially reasonable efforts to start and complete ail Studies in a timely fashion and will consult with the Client if BioReliance determines that there are likely to be substantial changes in the proposed start or completion dates of a Study. Client will then determine if Is feasible to continue with the Study or terminate

2. FEES AND PAYMENT. Client shall make payment to BioReliance in accordance with the quotation issued to Client for the relevant Study. Unless otherwise agreed in writing by BioReliance. payment terms shall be net thirty (30) days from date of invoice, if BioReliance does not receive payment by the due date, an interest charge may be added at the rate of 1.5% per month (18% per year) or the maximum legal rate, whichever is less, to unpaid invoices from the due date thereof. ANY DISCOUNTS FOR PERFORMANCE OF A STUDY MUST BE EXPRESSLY OFFERED TO CLIENT BY BIORELIANCE IN WRITING. UNDER NO CIRCUMSTANCES WILL BIORELIANCE HONOR ANY DISCOUNTS AUTOMATICALLY TAKEN BY CLIENT FOR ANY REASON. EVEN IF CLIENT HAS INFORMED BIORELIANCE IN WRITING OF THE POSSIBILITY OF SUCH DISCOUNT BIORELIANCE MAY CHARGE THE INTEREST RATES SET FORTH ABOVE FOR ANY UNPAID AMOUNTS OWED TO BIORELIANCE AS A RESULT OF SUCH UNAUTHORIZED DISCOUNT

3. STUDY MATERIALS. Client will provide BioReliance with sufficient amounts of all compounds, materials, or other substances ("Test Article") with which to perform the Study as well as all sufficient and comprehensive data and information, including but not United to material safety and data sheets, concerning the stability of the Test Article, storage and safety requirements. In the event Client becomes aware of any additions deletions, or modifications to any such requirements during the course of the Study or any retention of any samples of Test Article, it shall immediately notify BioReliance thereof. Unless otherwise required by the Regulations, upon completion of the Study any remaining samples of the Test Article will be returned to Client

4. CHANGES. Client shall have the right to request reasonable changes in or modifications ("Changes") to a Client-specific Protocol of a Study which BioReliance has agreed to conduct and which has not been completed. All such Changes in a Client-Specific Protocol shall be in writing and shall be signed by authorized representatives of BioReliance and Client If such Changes result in an increase in the cost of the Study, the fee shall be adjusted commensurate with such increase if such Changes affect the projected completion date of the study the completion and report due dates shall be adjusted commensurate with such affect.

5. DATA. Client shall be the exclusive owner of and shall have title to all documentation, records, raw data, specimens, results or other work product ("Data") generated during the performance of the Study. Client shall not own or have title to any BioReliance protocols or standard operating procedures ("SOPs"). Unless otherwise agreed to by the parties BioReliance shall store and maintain all Data in accordance with the Regulations upon completion of the Study for a period of three (3) years. After said three (3) year period, or such shorter period as may be agreed to or as specified in the Regulations, BioReliance shall notify Client regarding the return, disposal or continued storage of all Data. In the event Client elects to have the Data returned or disposed of. BioReliance shall do so at Client's expense For returns, Client may specify the address to receive the Data if different than its business offices In the event Client elects to continue storing Data at BioReliance, BioReliance shall charge a fee for such storage in accordance to the price list then in effect for such services. In the event no response is received from Client within thirty (30) days of the notice letter, BioReliance wilt dispose of the Data at Client's expense. All such services for return, disposal or storage shall be in accordance with all applicable Regulations. Notwithstanding the foregoing, fees and charges for Data storage, return or disposal will not apply for standard toxicology services and related Data.

6. CONFIDENTIALITY. During performance of the Studies and for ten (10) years thereafter. BioReliance will treat all Data and all information regarding such Data and all inventions as proprietary and confidential and will not knowingly disclose the same to any person other than Client or its designated representatives.

Notwithstanding any other provisions, BioReliance shall have no liability or obligation to the Client for nor be in any way restricted in, its disclosure of or use of any Data which:

a) is already lawfully known to BioReliance; or
b) is or becomes publicly known by any means whatsoever, through no wrongful act of BioReliance; or
c) is received from a third party without breach of this Agreement; or
d) is disclosed pursuant to an enforceable order of a court of competent jurisdiction; or
e) is independently developed by or for BioReliance as evidenced by written records.

Except as required for regulatory submissions, Client will treat any BioReliance confidential information, including but not limited to protocols, SOPs, and the like, in accordance with the above.

7. REPORTS. BioReliance shall deliver a report of findings for each study performed. An estimated delivery date for the report shall be mutually agreed upon and specified in the Protocol. If the Client requests a draft report, the draft report will be provided within 15 days of Study completion. The Client shall have ninety (90) days for genetox reports and one hundred eighty (180) days for mamtox reports from receipt of the respective draft report, to review the report and provide comments to BioReliance. Within thirty (30) days of receipt of any Client comments. BioReliance will provide Client with the final report. If no comments are received from Client within the prescribed time periods following delivery of the draft report, the draft report shall become the final report a copy of which shall be delivered to the Client.

8. FACILITY VISITS. Upon reasonable advance notice, BioReliance will permit Client representatives to visit BioReliance's facilities during normal working hours and with reasonable frequency, to observe Study progress discuss the Study with appropriate officials of BioReliance, and inspect and copy records and Data relevant to the Study. Facility visits shall also be permitted during the Data retention period described in Section 5 above. During facility visits, Client may inspect, but shall not be permitted to copy or remove, in whole or in part, any of BioReliance's SOPs. In the event an SOP is required by a regulatory agency or by a legal jurisdiction. Client shall so request an exception to theis policy with proper justification for BioReliance's consent and approval. While on BioReliance's premises, Client shall adhere to any and all safety, security, and confidentiality measures required by BioReliance.

9. USE OF NAMES. Client shall not use BioReliance's name or the names of BioReliance's employees in any advertising or sales promotional material or in any publication without prior written consent of BioReliance. BioReliance will not use Client's name or the names of Client's employees in any advertising or sales promotional material or in any publication without prior written consent of Client. Notwithstanding the above, Client shall be permitted to use BioReliance's name in any regulatory submission associated with the Project without prior written consent of BioReliance, and BioReliance shall be permitted to use Client's name to the extent necessary to comply with regulatory requirements without prior written consent of Client.

10. INVENTIONS AND PATENTS. Client shall become the exclusive owner of and BioReliance hereby assigns to Client all concepts, inventions, improvements, designs, programs, formulas, Know-how, methods, processes and writings, whether or not copyrightable or patentable, relating exclusively to the Study and discovered exclusively as a result of performing Client's Study (collectively, the "Inventions"). If requested by Client, BioReliance shall, at Client's sole cost and expense, do all things reasonably necessary to assist Client to obtain patents or other registrable intellectual property rights on any Inventions discovered as a result of performing Client's Study to the extent the same may be patented or registered..

Notwithstanding the foregoing, "Inventions" shall not include BioReliance confidential information and shall continue to be the sole owner of, all concepts, inventions, improvements, designs, programs, formulas, know- how, methods, processes, and writings utilized or developed in conducting the Project to the extent relating solely and generally to the business, processes, practices, or services performed by BioReliance for its customers.

11. CLIENT'S WARRANTY. Client represents and warrants that it will comply with all applicable laws and regulations governing use of Test Articles and any products related thereto. Client represents and warrants that it owns or possesses, has access to, or is licensed under all patents, patent applications, inventions, improvements, trademarks, trade names, copyrights, licenses, information, proprietary rights, processes and know- how necessary for the Test Article, and the performance of the Study will not result in any infringement, misappropriation, violation of any agreement, or conversion of or conflict with the rights of third parties. Client has not received, nor has any knowledge of, any conflict with the asserted rights of other individuals or entities with respect to any intellectual property rights used or to be used in connection with the Test Article. Client represents and warrants that it is sufficiently self-insured or possesses sufficient insurance coverage against any liability arising under this Agreement.

12. LIMITED WARRANTY; REMEDY; DAMAGES. The undertaking of BioReliance to perform the Study is a contract for services only. The sole warranty with respect to its services is that it will perform the Study with due care and diligence in accordance with the Protocol, generally prevailing industry standards, the Regulations and these Terms. Any claim by the Client for a breach of such warranty shall be made in writing to BioReliance on or before the first anniversary of the date that the final report is delivered to the Client. The remedy of the Client for breach of such warranty shall be to (i) require BioReliance to re-perform the Study (or such portions thereof as may reasonably be required to be re-performed), and, in such event BioReliance shall diligently pursue the re-performance of the Study or portions thereof until completion, or (ii) require BioReliance to refund Client for payments made by the Client. THE WARRANTY SET FORTH IN THIS PARAGRAPH IS TO THE EXTENT PERMITTED BY LAW IN LIEU OF ANY AND ALL OTHER WARRANTIES RELATING TO THE SERVICES TO BE PERFORMED, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. UNDER NO CIRCUMSTANCES SHALL BIORELIANCE BE LIABLE TO THE CLIENT OR ANY THIRD PARTY CLAIMING BY OR THROUGH THE CLIENT FOR ANY LOST PROFITS, INCIDENTAL, INDIRECT, CONSEQUENTIAL, SPECIAL, OR OTHER DAMAGES.. EXCEPT FOR BREACHES OF CLAUSE 6. CONFIDENTIALITY OR CLAUSE 10, INVENTIONS AND PATENTS, BIORELIANCE'S LIABILITY TO THE CLIENT FOR THE BREACH OF ANY TERMS AND CONDITIONS OF THE PROTOCOL OR THIS AGREEMENT SHALL BE LIMITED TO DIRECT DAMAGES IN AN AMOUNT NOT TO EXCEED THE FEE PAID OR TO BE PAID BY THE CLIENT TO BIORELIANCE IN CONNECTION WITH THE STUDY.

13. INDEMNIFICATION. Except where proximately caused by the gross negligence or willful misconduct BioReliance, its officers, employees, agents or contractors, the Client shall indemnify, defend and hold harmless BioReliance, its parents, subsidiaries, and affiliates and their respective officers, directors, employees, and agents from and against any and all expenses (including, but not limited to, reasonable attorney's fees), damages, judgments, and losses incurred or suffered by any such indemnified party as a result of or in connection with any claim, demand, or cause of action asserted or brought by a third party (including, but not limited to, officers, employees, and agents of the Client) for (i) physical injury to or death of persons or physical damage to property arising out of or based upon the manufacture, sale, or use of any quantity of the Test Article, or any derivative thereof or product related thereto, by or on behalf of the Client, whether such manufacture, sale, or use took place prior to conclusion of the Study or thereafter and whether or not such manufacture, sale, or use took place in reliance, in whole or in part, on the Study or any portion thereof, or (ii) physical injury to or death of persons or physical damage to property arising out of BioReliance's use of any quantity of the Test Article in accordance with the Protocol, Regulations, and/or other written or verbal instructions issued by Ciient; or (iii) infringement, unlawful disclosure or misappropriation of copyright, patent, trade secret or other intellectual property by reason of the performance of the Study on the Test Article. NOTWITHSTANDING ANY OTHER PROVISION OF THESE TERMS, UNDER NO CIRCUMSTANCES (EXCEPT IN RESPECT OF BREACHES BY CLIENT OF CLAUSE 6. CONFIDENTIALITY SHALL CLIENT BE LIABLE TO BIORELIANCE OR ANY THIRD PARTY CLAIMING BY OR THROUGH BIORELIANCE FOR ANY LOST PROFITS, INCIDENTAL, INDIRECT, CONSEQUENTIAL, SPECIAL, OR OTHER DAMAGES, HOWEVER ARISING.

14. NO SOLICITATION. During the term of this Agreement and for a period of one (1) year from the date the final report is delivered to the Client, the Client shall not directly solicit or recruit for employment, without prior written approval of BioReliance, any personnel employed by BioReliance who has in any manner been associated with the Project. The foregoing restriction shall not apply in the case of such employee being interviewed, offered employment, and/or hired following that employee's response to a publicly posted position of the Client.

15. FORCE MAJEURE. It is mutually understood and agreed that BioReliance shall not be responsible for failure or delay in performance of its obligations under or in connection with this Agreement due to causes beyond its reasonable control, including but not limited to, acts of God, governmental actions, fire, labor difficulty, shortages, civil disturbances, transportation problems, interruptions of power or of communications, failure of suppliers or subcontractors, or natural disasters. This paragraph shall not apply to Client's obligation to make any payment to BioReliance.

16. ASSIGNMENT. BioReliance will not assign its rights or delegate its responsibilities hereunder without the prior written consent of Client. In the event Client assigns its rights or delegates its responsibilities hereunder to a third party, Client shall provide BioReliance with written notice of such assignment as soon as possible after such assignment or delegation is made.

17. INDEPENDENT PARTIES. Nothing in this Agreement shall be construed as to create any relationship between BioReliance and Client other than that of independent contracting parties. Neither patty shall have any right, power or authority to assume, create or incur any expense, liability or obligation, express or implied, on behalf of the other.

18. WAIVER. No waiver by either party of any breach of any provision hereof shall constitute a waiver of any other breach of that or any other provision hereof.

19. SEVERABILITY. If any part, term or provision of this Agreement is determined to be invalid or unenforceable, the remainder of this Agreement shall not be affected, and this Agreement shall otherwise remain in full force and effect.

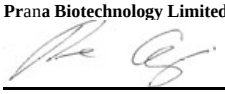
20. CANCELLATION. Cancellation of a Study in progress which may be effected by notice in writing by one party to the other will result in partial charge commensurate with percentage of work completed at time of cancellation, and payment of actual noncancellable costs incurred by BioReliance in performance of the Study prior to cancellation.

21. ENTIRE AGREEMENT. This Agreement, including the quotation of fees and charges, the Protocol and appendices, exhibits or other schedules, constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement, and supercedes any conflicting terms that may be set forth on Client's purchase order, BioReliance's invoice, or any other documentation of either party, unless agreed to in writing by authorized representatives of both parties. This Agreement is not intended to confer upon any person other than the BioReliance and Client any rights or remedies hereunder. There are no representations, warranties, understandings or agreements relating to this Agreement which are not fully expressed herein. No amendment, modification, waiver or discharge of any provision of this Agreement will be valid unless in writing and signed by an authorized representative of the party against which such amendment, modification, waiver or discharge is sought to be enforced.

22. GOVERNING LAW. This Agreement will be governed by the laws of the State of Maryland as such laws are applied to contracts which are entered into and performed entirely within the State of Maryland, without regard to any provisions relating to the conflict of jurisdictional legal requirements. Both parties consent to the exclusive jurisdiction of such courts and expressly waive any objections or defenses based on lack of personal jurisdiction or venue.

Signatures:

Prana **Biotechnology Limited**



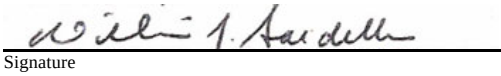
Signature

Date: 21 June 2013

Name: Dianne Angus

Title: Chief Operating Officer

BioReliance Corporation



Signature

Date: June 29,2013

Name: WILLIAM J. [ILLEGIBLE]

Title: Director of Legal Affair

Exhibit 8.1

LIST OF SUBSIDIARIES

We have the following wholly-owned subsidiaries, both of which are currently inactive:

Prana Biotechnology Inc., incorporated in the United States

Prana Biotechnology UK plc, incorporated in the United Kingdom.

Exhibit 12.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended

I, Geoffrey P. Kempler, certify that:

1. I have reviewed this annual report on Form 20-F of Prana Biotechnology Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 22, 2013

/s/ Geoffrey P. Kempler *
Geoffrey P. Kempler
Chief Executive Officer

* The originally executed copy of this Certification will be maintained at the Registrant's offices and will be made available for inspection upon request.

Exhibit 12.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as amended

I, Richard Revelins, certify that:

1. I have reviewed this annual report on Form 20-F of Prana Biotechnology Limited;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15 (e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 22, 2013

/s/ Richard Revelins*
Richard Revelins
Chief Financial Officer

* The originally executed copy of this Certification will be maintained at the Registrant's offices and will be made available for inspection upon request.

Exhibit 13.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Prana Biotechnology Limited (the "Company") on Form 20-F for the period ended June 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Geoffrey P. Kempler, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

October 22, 2013

/s/ Geoffrey P. Kempler *
Geoffrey P. Kempler
Chief Executive Officer

* The originally executed copy of this Certification will be maintained at the Company's offices and will be made available for inspection upon request.

Exhibit 13.2

18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Prana Biotechnology Limited (the "Company") on Form 20-F for the period ended June 30, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard Revelins, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Richard Revelins*
Richard Revelins
Chief Financial Officer

October 22, 2013

* The originally executed copy of this Certification will be maintained at the Company's offices and will be made available for inspection upon request.

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form F-3 (File No. 333-190908, 333-174278 and 333-173375) and on Form S-8 (File No. 333-153669) of Prana Biotechnology Limited (the "Company") of our report dated October 22, 2013, relating to the Company's consolidated financial statements, which appears in this Form 20-F.

PricewaterhouseCoopers
Melbourne, Victoria, Australia
October 22, 2013