



Prana Receives Michael J. Fox Foundation Grant to Develop PBT434 for Parkinson's Disease

MELBOURNE, Australia – August 22, 2011 – Prana Biotechnology Limited (NASDAQ: PRAN / ASX: PBT), announced today that the company has received a grant from The Michael J. Fox Foundation (MJFF) to support the initiation of pre-clinical studies which precede human trials of a novel treatment for Parkinson's disease known as PBT434. Prana, a leading Australian biotechnology company, is developing a range of highly unique treatments for neurodegenerative diseases. The funding was awarded by the well-known foundation after a highly competitive, international, peer-reviewed process. The support comes from the MJFF's 2011 Pipeline Program to support its Therapeutic Development Initiative.

"It is our hope that PBT434 will provide treatment from very early diagnosis to prevent the damage to the part of brain (the *substantia nigra*) which is responsible for normal movement, thus preventing the loss of physical coordination and control experienced by Parkinson's disease patients," said Geoffrey Kempler, Prana's Executive Chairman.

PBT34 appears to be able to to impede the iron-induced oxidative damage and neurotoxic cascade that kills neurons. "There is evidence to show that the onset of Parkinson's disease is associated with an increase in iron in the cells of the *substantia nigra*, the part of the brain that is progressively destroyed in Parkinson's disease," said Associate Professor Robert Cherny, Prana's Head of Research . "We are particularly encouraged by data that suggests that the neuroprotective effects of PBT434 are accompanied by a significant decrease in the toxic accumulation of the alpha synuclein protein, a hallmark of Parkinson's disease pathology. Collectively, the neuroprotective properties of PBT434 indicate that there may be potential to develop the drug as a disease modifying agent".

"We are very pleased to receive this award that will help us move PBT434 closer to the clinic. In addition to Phase 2 trials in Alzheimer's disease and Huntington's disease with PBT2 planned for later this year, the advancement of PBT434 for Parkinson's disease reinforces our commitment to building shareholder value through product and disease diversification," said Mr Kempler.

The MJFF grant marks the transition from basic preclinical research for Prana's PBT434, the company's lead Parkinson's disease compound from its 700 strong MPAC compound library into the drug development pipeline. The initial grant of approximately \$200,000 will be used to initiate the preclinical toxicology program needed before human testing.

Parkinson's disease is a devastating illness which can result in not only the loss of muscle control, speech, balance and digestive functions; it may also impair a patient's psychiatric and cognitive function. With 4 million people affected worldwide, Parkinson's disease is the second most common neurological indication behind Alzheimer's disease. The current market size for

drugs to treat Parkinson's disease is approx. \$4 billion per year; however most currently available drugs primarily treat the symptoms and do not actually prevent the ongoing destruction of the *substantia nigra* in the brain and progression of the disease.

*Refer to company announcements dated Sept 29, 2010 and March 15, 2011.

About Prana Biotechnology Limited

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

About The Michael J. Fox Foundation for Parkinson's Research

As the world's largest private funder of Parkinson's research, The Michael J. Fox Foundation is dedicated to accelerating a cure for Parkinson's disease and improved therapies for those living with the condition today. The Foundation pursues its goals through an aggressively funded, highly targeted research program coupled with active global engagement of scientists, Parkinson's patients, business leaders, clinical trial participants, donors and volunteers. In addition to funding over \$250 million in research to date, the Foundation has fundamentally altered the trajectory of progress toward a cure. Operating at the hub of worldwide Parkinson's research, the Foundation forges groundbreaking collaborations with industry leaders, academic scientists and government research funders; increases Parkinson's awareness through high-profile advocacy, events and outreach; and coordinates the grassroots involvement of thousands of Team Fox members around the world.

For more information, visit: www.michaeljfox.org; www.facebook.com/michaeljfoxfoundation.

Forward Looking Statements

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

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