

Kobe Li
ASX Compliance Pty Limited
Senior Adviser, Listings (Melbourne)
Level 4, Rialto North Tower
525 Collins Street
Melbourne VIC 3000

Dear Kobe,

Announcement: “Prana’s PBT2 Reduces Tau Related Cognitive Impairment”

I refer to your letter of 5th March 2013 and note the letter was issued by ASX in response to the volume of shares traded on Monday 4th March, before the release of the above named announcement. It should be noted that the Chairman and CEO, Mr Geoffrey Kempler, is currently undertaking a road show in the USA and presenting at a conference as announced to the market earlier. This has coincided with an increase in market activity, particularly in the USA preceding the 4th March increased volumes on the ASX.

Your specific questions relate to continuous disclosure around PBT 2 impact on Tau. We provide the following responses as listed below:

1. Whether the Company considers the information included in the Announcement as material to the Company?

Yes

2. If the answer to question 1 is “no”, please advise the basis on which the Company does not consider the information to be material.

Not applicable.

3. If the answer to question 1 if “yes”, when did the Company first become aware of the information in the Announcement concerning the new data demonstrating the ability of PBT2 to reduce the damage to brain cells, caused by accumulation to the tau protein and preventing subsequent cognitive impairment?

The announcement referred to above is reflective of the ongoing scientific development that dates back to the commencement of the Company. An announcement dated 10 July 2008 which outlined the potential of PBT2 to reduce brain cell damage caused by accumulation of the Tau protein, and the announcement of 4 March 2013 continues the progression, interpretation and validation of this concept.

4. If this was before the release of the Announcement, please identify an earlier announcement from the Company which disclosed this information.

The following announcements relate to the same underlying material on Tau.

Date Headline

10/07/2008! Neuron to Publish Prana's PBT2 Preclinical Research
19/09/2011! Prana's PBT2 Directly Restores Neurons Critical to Cognition
26/03/2012 PLoS ONE Journal Publishes Model of Alzheimers Disease
20/09/2012 Further information - Clinical Trials Cited as Most Advanced

5. If there was no earlier announcement, and the Company became aware of the information prior to the release of the Announcement, why was the information not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.

Not applicable

6. The Announcement mentioned that new data will be presented by the Company's scientist Associate Professor Paul Adlard at the 11th International Conference on Alzheimer's and Parkinson's disease, to be held in Florence, Italy, March 6th to 10th 2013. Please advise when the new data will be released to ASX. Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.

Friday March 8th 2013, before the Conference presentation on Saturday, the Company will release a summary of the new data on PBT2.

7. Please confirm that the Company is in compliance with listing rule 3.1.

The company is in compliance with listing rule 3.1

The Company continues to comply with all ASX Listing Rules.

Yours sincerely,



Richard Revelins, Company Secretary

Thursday 7th March 2013

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5 March 2013

Mr Richard Revelins
Company Secretary
Prana Biotechnology Limited

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www.asx.com.au

By e-mail only

Dear Richard,

Prana Biotechnology Limited (the "Company")

ASX Limited ("ASX") refers to the following.

1. The Company's announcement titled "Prana's PBT2 Reduces Tau Related Cognitive Impairment" lodged with ASX at 3.06pm on Monday 4 March 2013, and released at 3:12pm on the same day, announcing the upcoming presentation of new data demonstrating the ability of PBT2 to reduce the damage to brain cells, caused by accumulation of the tau protein and preventing subsequent cognitive impairment (the "Announcement").
2. Listing rule 3.1, which requires an entity, once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, to immediately tell ASX that information.
3. The definition of "aware" in Chapter 19 of the listing rules. This definition states that:
"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity."
4. Paragraph 17 of Guidance Note 8 which states:
"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."
5. Listing rule 3.1A, which sets out an exception from the requirement to make immediate disclosure, provided that each of the following are satisfied.
 - 3.1A.1 *A reasonable person would not expect the information to be disclosed.*
 - 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
 - 3.1A.3 *One or more of the following applies.*

- *It would be a breach of a law to disclose the information.*
- *The information concerns an incomplete proposal or negotiation.*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
- *The information is generated for the internal management purposes of the entity.*
- *The information is a trade secret.”*

6. ASX’s policy position on the concept of “confidentiality” which is detailed in paragraphs 33 to 39 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

“Confidential’ in this context has the sense of ‘secret’...” and “Loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity’s securities, or by reference to the information in the media or analysts reports”.

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Whether the Company considers the information included in the Announcement as material to the Company?
2. If the answer to question 1 is “no”, please advise the basis on which the Company does not consider the information included in the Announcement to be material.
3. If the answer to question 1 is “yes”, when did the Company first become aware of the information in the Announcement concerning the new data demonstrating the ability of PBT2 to reduce the damage to brain cells, caused by accumulation of the tau protein and preventing subsequent cognitive impairment?
4. If this was before the release of the Announcement, please identify any earlier announcement from the Company which disclosed this information.
5. If there was no earlier announcement, and the Company became aware of the information prior to the release of the Announcement, why was the information not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.
6. The Announcement mentioned that new data will be presented by the Company’s scientist Associate Professor Paul Adlard at the 11th International Conference on Alzheimer’s and Parkinson’s Disease, to be held in Florence, Italy, March 6th to 10th 2013. Please advise when the new data will be released to ASX. Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.
7. Please confirm that the Company is in compliance with listing rule 3.1.

Your response should be sent to me by return e-mail or by facsimile on facsimile number (03) 9614 0303. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than before the start of trading (ie before 9.30 a.m. AEDT) on Thursday, 7 March 2013.

If you are unable to respond by the time requested, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 - Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell each of the following.

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

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

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

Yours sincerely,

[sent electronically without signature]

Kobe Li

Senior Adviser, Listings (Melbourne)