

December 29, 2010



DARA BioSciences, Inc. Prices Registered Securities Offering

RALEIGH, N.C., Dec. 29, 2010 (GLOBE NEWSWIRE) -- DARA BioSciences, Inc. (Nasdaq:DARA) (the "Company") has priced a public offering of up to 4800 units at a price of \$1000 per unit to the public with each unit consisting of (1) one share of Series A convertible preferred stock which is convertible into 400 shares of our common stock (2) a Class A Warrant to purchase 200 shares of common stock and (3) a Class B Warrant to purchase 200 shares of common stock. Subject to certain ownership limitations, the Series A preferred stock is convertible at any time at the option of the holder into shares of our common stock at a conversion price of \$2.50 per share. The Company has increased the size of the offering from the previously announced \$4 million to up to \$4.8 million.

Ladenburg Thalmann & Co., Inc., a subsidiary of Ladenburg Thalmann Financial Services Inc. (NYSE AMEX:LTS) (the "Placement Agent"), acted as the exclusive placement agent for this offering.

Class A Warrants are exercisable immediately after the date of issuance and expire five years after the date of issuance. Class A Warrants will entitle the holder to purchase shares of common stock for an exercise price equal to \$2.50.

Class B Warrants are exercisable immediately after the date of issuance and expire one year after the date of issuance. Class B Warrants will entitle the holder to purchase shares of common stock for an exercise price equal to \$2.50.

On December 29, 2010, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain investors providing for the purchase of a total of \$4,591,000 units consisting of 4,591 shares of Series A convertible preferred stock (which are convertible into a total of 1,836,400 shares of common stock), Class A Warrants to purchase 918,200 shares of common stock and Class B Warrants to purchase a total of 918,200 shares of common stock. \$200,000 of these units will be purchased by Richard A. Franco Sr., the Company's president and CEO. The closing of the sale of these units is expected to take place on or about December 30, 2010, subject to customary closing conditions.

The proceeds received by the Company from the offering will be used for the ongoing development of its lead candidates and for working capital and general corporate purposes.

The offering is being made only by means of a prospectus, copies of which may be obtained from Ladenburg Thalmann & Co., Inc., Prospectus Department, 520 Madison Avenue, 9th Floor, New York, New York, 10022, telephone: 212-409-2000. Electronic copies of the prospectus are available on the Securities and Exchange Commission's Web site at www.sec.gov.

The units are being offered pursuant to an effective registration statement. This news release does not constitute an offer to sell these securities or a solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

The Placement Agent will not purchase or sell any units, nor is it required to arrange the purchase or sale of any minimum number or dollar amount of units. The Placement Agent agreed to use its best efforts to arrange for the sale of all of the units being offered in the offering.

About DARA BioSciences, Inc.

DARA BioSciences, Inc. is a Raleigh, North Carolina based biopharmaceutical development company that acquires promising therapeutic candidates and develops them through proof of concept in humans for subsequent sale or out-licensing to larger pharmaceutical companies. Presently DARA has two drug candidates with cleared IND (Investigational New Drug) Applications from the United States FDA. The Company has a pipeline of diverse drug candidates at various stages of development, with 82 granted patents and 56 pending applications (US and foreign). The first drug candidate KRN5500 has successfully completed a Phase 2 clinical trial treating neuropathic pain in patients with cancer. KRN5500 met its primary endpoint and was statistically significantly ($p=0.03$) better than placebo. A second Phase 2 clinical trial is planned during the first half of 2011. In addition, DARA has entered into a Clinical Trial Agreement with the National Cancer Institute to study the prevention and treatment of neuropathic pain in cancer patients. The second drug candidate DB959 is an oral, highly selective, non-thiazolidinedione (TZD), first-in-class dual PPAR (peroxisome proliferator activated receptor) delta/gamma agonist in development for type 2 diabetes. A Phase 1 clinical study has been completed and the positive results were announced earlier this year. A second Phase 1 is planned to commence in the first quarter 2011 and the Company plans to announce results in the second half of 2011. In addition, DARA owns CPT-1 inhibitors intended for topical application for patients with psoriasis, a library of DDPIV inhibitors and a diverse library of approximately 1800 PPAR agonists of various molecular modalities. PPAR receptors are found throughout the human body and recent publications report that PPAR agonists may be useful in the treatment of Alzheimer's disease, cystic fibrosis, liver disease, and a variety of autoimmune diseases. Because its diverse PPAR library has the potential to address the unmet medical needs of these diseases, the Company plans to explore several of these indications.

Safe Harbor Statement

All statements in this news release that are not historical are forward-looking statements within the meaning of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are subject to factors that could cause actual results to differ materially for DARA from those projected. Those factors include risks and uncertainties relating to DARA's current cash position and its need to raise additional capital in order to be able to continue to fund its operations, risks and uncertainties relating to the potential delisting of DARA's common stock from the NASDAQ Capital Market, risks and uncertainties relating to DARA's ability to develop and bring new products to market as anticipated, the current regulatory environment in which the company develops and sells its products, the market acceptance of those products, dependence on partners, successful performance under

collaborative and other commercial agreements, competition, the strength of DARA's intellectual property, the intellectual property of others, and other risk factors identified in the documents DARA has filed, or will file, with the Securities and Exchange Commission ("SEC"). Copies of DARA's filings with the SEC may be obtained from the SEC Internet site at <http://www.sec.gov>. DARA expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward -looking statements contained herein to reflect any change in DARA's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statements are based. DARA BioSciences and the DARA logo are trademarks of DARA BioSciences, Inc.

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