



N E W S R E L E A S E

Prana Announces Commercial Collaboration with Schering A.G. And Neuroscience Victoria on Diagnostics

Continuing Commercial Validation Initiative for 2003

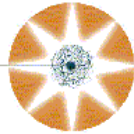
Melbourne, Australia – March 18, 2003 – Prana Biotechnology Limited (NASDAQ: PRAN; ASX: PBT), the Australian biotechnology company, announced that Schering A.G. (FSE: SCH, NYSE: SHR), Germany, will fund and license discoveries on new drug targets, especially in the area of diagnostics, in an agreement with Prana Biotechnology and Neuroscience Victoria. The commercial arrangements are subject to ongoing confidentiality, but will provide up to \$7.5 million of funding for new discovery research over the life of the projects, with additional milestone payments and royalties from discoveries.

Dr. Ross Murdoch, Prana's Chief Operating Officer, said, "Through Prana's efforts in the area of neurological diseases we have identified multiple potential diagnostic and therapeutic targets which we believe worthy of exploration. Our commitment is to continually strengthen the technological base of the company through in-house and collaborative research; increasing the possibility of success and in turn lessening our reliance on any single technology. This collaboration with Schering A.G. is inline with our commitment and will allow funding of additional exciting technologies that although separate, complement our existing premier platform technology based on the Metal Protein Attenuating Compound ("MPAC") class of compounds. This collaboration will expand Prana's project areas bringing significant additional funding and scientific expertise into the company's laboratories."

"In addition to this partnership with Schering A. G.," Dr. Murdoch continued, "the company continues to be engaged in very positive, dialogue with a number of other global pharmaceutical companies regarding future collaborations around our MPAC platform technology. The success of our most recent Phase II human trials has fuelled excitement in the possibility that the MPAC class can provide novel Alzheimer's disease therapies. The potential for this class to provide therapeutics outside AD is also looking increasingly promising."

Commenting on the outlook for 2003, Executive Chairman Geoffrey Kempler said, "Today's announcement with Schering is just the beginning of what we believe will be a series of announcements on collaborative and commercial deals to move our innovative and proprietary technologies closer to reality. Schering and our scientific management have a history of strong collaborative success, and we believe they are a logical partner to extend our reach into novel drug targets and innovative diagnostic technologies. We anticipate that the next collaboration to be announced by the company will be around developments arising from our most recent human clinical trials."

"In the last 12 months," Mr. Kempler noted, "we have brought our MPAC technology to the point of commercialization, and now, in collaboration Schering A.G., we are going to extend our reach into the field of diagnostics and other drug targets. We are on track for 2003 benchmarks, and have as our top priority for the year "continuing commercial validation" of our neurodegenerative disease theory."



NeuroSciences Victoria (NSV) is an organization of the Universities of Melbourne and Monash, established to promote commercialization of discoveries emanating from Victoria universities and medical research institutes. The CEO of NSV, Dr William Hart, said "The Schering collaboration is a major accomplishment, resulting in a deal which will have long term benefits for all the parties involved".

Prana's current focus is the commercialization of its treatment for Alzheimer's and other neurodegenerative disorders. The worldwide market for these products is approximately \$5 billion. Prana's scientists at Harvard Medical School and the University of Melbourne are pioneers in a global effort to develop treatments for these diseases. Prana has completed Phase II clinical trials with its lead compound, PBT-1, and demonstrated proof of concept.

Prana also recently announced that Dr. Ashley Bush, M.D., PhD, of Massachusetts General Hospital in Neurology and founding scientist to Prana has been elected by his peers in the American Academy of Neurology to be a recipient of this year's Potamkin Award. This award recognizes major contribution to the understanding of the cause, prevention, treatment of and eventually the cure for Pick's, Alzheimer's disease and other related degenerative diseases.

About Prana Biotechnology Limited

Based in Australia, incorporated in 1997 and listed on the Australian Stock Exchange in March 2000, Prana Biotechnology (Nasdaq: PRAN; ASX: PBT) was established to commercialize research into Alzheimer's disease and other major age-related degenerative disorders. Its mission is to develop diagnostic and therapeutic drugs to treat the central disease pathways that cause degeneration of the brain as the aging process progresses. Prana's technology has emerged from its researchers at prominent international institutions such as Massachusetts General Hospital at Harvard Medical School and the University of Melbourne. For further information, please visit our web site at www.pranabio.com

About Schering A.G.

Schering AG is a research-based pharmaceutical company. Its activities are focused on four business areas: Gynecology&Andrology, Diagnostics&Radiopharmaceuticals, Dermatology as well as Specialized Therapeutics for disabling diseases in the fields of the central nervous system, oncology and cardiovascular system. As a global player with innovative products Schering AG aims for leading positions in specialized markets worldwide. With in-house R&D and supported by an excellent global network of external partners, Schering AG is securing a promising product pipeline. Using new ideas, Schering AG aims to make a recognized contribution to medical progress and strives to improve the quality of life: making medicine work.

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