



ASX/News Release

New Alzheimer's Drug Enters Development Track

Phase I Clinical Trials scheduled for 2004

Melbourne, 5 August 2003. Neuro degenerative disease specialist Prana Biotechnology Ltd (ASX:PBT, NASDAQ:PRAN) has selected a new lead molecule for formal drug development that shows the best potential yet to effectively treat Alzheimer's Disease.

Prana's scientists will develop the new proprietary compound called PBT-2. It is now a core business task and is based on the science established by the University of Melbourne and the Harvard Medical School at the Massachusetts General Hospital.

Prana Biotechnology completed the extension phase of its Phase II clinical trial on Clioquinol (PBT-1) earlier this year. PBT-1 is the initial drug compound which has established proof of concept of Prana's approach and advanced to successful Phase II clinical trials. Prana's proof of concept outlines the role of metal protein attenuating compounds in targeting the interaction between beta amyloid and oxidised metals in the brains of Alzheimer's Disease patients.

"This step shows that Prana is bolstering its strong position to be the company behind an effective treatment for the highly debilitating Alzheimer's Disease," said Dr Ross Murdoch, Prana's Chief Operating Officer. "This is a major milestone and is the result of an impressive in house medicinal chemistry team effort."

"We have designed compounds that are superior to PBT-1. PBT-2 is a small molecular weight chemical entity that demonstrates a significant improvement on PBT-1. PBT-2 has characteristics appropriate for oral bioavailability and blood brain barrier permeability. PBT-2 exceeds PBT-1 in both pre-clinical in-vitro and in vivo-testing. The formal toxicology program will be initiated this year and the new drug is expected to enter into Phase I human clinical trials next year.

Addressing investors in New York, Prana's Executive Chairman Geoffrey Kempler said "This is enormously encouraging for us as we have developed a whole library of proprietary metal protein attenuating compound designer molecules. These have applicability not only to Alzheimer's Disease but other neurodegenerative diseases including Parkinson's Disease".

Alzheimer's Disease affects about 12 per cent of 65 year olds and about 50 per cent of 85 year olds. Existing Alzheimer's treatments provide only short term relief from the onset of symptoms.



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.

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