



PRANA BIOTECHNOLOGY COMMENCES PHASE I CLINICAL TRIAL OF PBT2

- Second MPAC Enters Human Clinical Studies -

Melbourne, Australia – March 15, 2005 – Prana Biotechnology Limited (NASDAQ: PRAN, ASX: PBT), announced today that it has commenced the Phase I clinical trial of PBT2 with the dosing of its first subject at a facility associated with the Utrecht University Hospital in Utrecht, The Netherlands. The Phase I clinical trial is the first of a planned series of studies examining the safety and pharmacokinetics of PBT2 in normal human volunteers.

PBT2 is the first completely Prana-discovered compound, and is the successor to PBT1 for the treatment of Alzheimer's disease. PBT2 is designed to have an improved safety and efficacy profile compared to PBT1. The compound has demonstrated significantly greater effectiveness in lowering plaque in the transgenic mouse model in both pre-clinical in-vitro and in-vivo testing. Moreover, it appears to be better than PBT1 at decreasing the toxicity of plaques through improved peroxide inhibition, and appears to have better pharmaceutical characteristics, such as improved solubility.

"We are extremely excited to be taking the first exclusively Prana-developed compound into the clinic," said Dr. Jon Alsenas, CEO of Prana. "I am extremely proud of Prana's staff for achieving this important milestone. The Phase I clinical trial of PBT2 marks a second significant milestone for our Company in the past three months. The other was the previously announced approval in the United Kingdom of a CTA (Clinical Trials Authorisation) for the initiation of the potentially pivotal Phase II/III PLACQUE study of our lead compound PBT1 for Alzheimer's disease. PLACQUE is on track to begin enrolment in the first half of 2005. The PBT1 and PBT2 clinical programs demonstrate our commitment to developing Metal-Protein Attenuating Compounds (MPACs) for the treatment of Alzheimer's disease."

Alzheimer's currently affects 4.5 million individuals in the US and 14 million individuals worldwide, and the rate of incidence is expected to increase with aging demographics.

"The Metal Theory"

The prize-winning science behind PBT2 is based upon what is known as "the metal theory" of Alzheimer's disease. The theory is based on the premise that key metals, such as zinc and copper, are required for the inappropriate aggregation of amyloid beta to form the amyloid plaques. These plaques are then thought to cause the neurodegeneration associated with Alzheimer's disease. The metal-mediated aggregation of proteins is also thought to be a key contributor to the development of a variety of other degenerative disorders.

About Prana Biotechnology Limited

Prana Biotechnology was established to commercialise research into Alzheimer's disease and other major age-related degenerative disorders. The company was incorporated in 1997 and listed on the Australian Stock Exchange in March 2000 and listed on NASDAQ in September 2002. Researchers at prominent international institutions including the University of Melbourne



and Massachusetts General Hospital, a teaching hospital of Harvard Medical School, discovered Prana's technology.

For further information, please visit our web site at www.pranabio.com.

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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, PBT-1 and PBT-2, 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, PBT-1 and PBT-2, 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, PBT-1 and PBT-2, 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 PBT-1 and PBT-2, 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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