



Prana Raises A\$7.8 Million to Fully Fund Its Phase IIa Clinical Trial of PBT2 in Patients with Alzheimer's Disease

- Phase IIa Trial to Commence Immediately; Regulatory and Ethics Approval Received -

Melbourne, Australia – November 21, 2006 – Prana Biotechnology Limited (NASDAQ: PRAN, ASX: PBT), today announced it has entered into agreements to raise A\$7.8 million (US\$6.0 million) from new institutional investors in Australia, existing institutional investors in the United States and a founding member of the Company. As a result, the Company now has A\$13.2 million (US\$10.2 million) in cash to immediately commence its Phase IIa trial of PBT2 in Patients with early Alzheimer's disease, for which it has received full regulatory approval in Sweden.

The investment involves the purchase of approx. 21.8 million ordinary shares (equivalent to 2.18 million ADRs) at a price of A\$0.357 per ordinary share (approximately US\$2.80 per ADR). In addition, the investors receive three-year options to purchase an additional 4.35 million ordinary shares (equivalent to 435,000 ADRs) at an exercise price of A\$0.446 per ordinary share (approximately US\$3.40 per ADR), which could raise an additional A\$1.94 million (US\$1.5 million) for the Company.

"We believe these commitments from new and existing investors reinforce the enthusiasm for PBT2 and its potential as an effective treatment for Alzheimer's disease," said Geoffrey Kempler, Chairman and CEO. "The proceeds raised in this private offering will fully fund the upcoming Phase IIa clinical trial of PBT2 to its conclusion. We are optimistic that this trial will demonstrate the safety and tolerability, as well as the potency and efficacy of PBT2 for the treatment of Alzheimer's disease. We believe that our drug, unlike any currently available Alzheimer's drug, could offer a disease modifying therapy for patients, which is of enormous interest to major pharmaceutical companies."

Prana has received the regulatory and ethics approvals needed to start the Phase IIa study of patients with early Alzheimer's disease at seven Swedish sites. Screening of patients will commence next week. The Company plans to announce the results of the PBT2 Phase IIa trial in the fourth quarter of calendar year 2007.

Mr. Kempler concluded, "PBT2 is one of over 300 proprietary molecules that Prana has developed as candidates to treat a variety of neurodegenerative disorders. We plan to use the balance of the funds raised today for other activities over the next 12 months, designed to strengthen the evidence in support of our MPAC ("Metal Protein Attenuating Compounds") theory and development platform for our target diseases."

Prana Biotechnology had 12.84 million ADRs (128,394,260 ordinary shares) outstanding as of September 21, 2006; this private placement will increase the total issued shares to 14.99 million ADRs (149,974,092 ordinary shares). Each 10 Prana ordinary shares traded on the ASX (ticker: PBT) is equivalent to a single ADR traded on the NASDAQ Stock Market (ticker: PRAN). The placement will proceed in two stages, the first in respect of shares available for immediate issue (to raise a total of approximately A\$5.6 million, with the balance to be issued upon the Company receiving shareholder approval at a general meeting which will be called shortly.

About Prana Biotechnology Limited

Prana Biotechnology was established to commercialise research into Alzheimer's disease and other major age-related neuro-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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