



Prana Biotechnology Provides Additional Comment on PBT2 In Response to Recent Press Coverage and Share Price Activity

Melbourne, Australia – July 24, 2006 – Prana Biotechnology Limited (ASX: PBT, NASDAQ: PRAN) wishes to provide the following additional information in response to the extensive media coverage and public interest that has arisen from the recent release of encouraging results from testing of its lead compound PBT2.

On 20 July 2006 Professor Ashley Bush MD, PhD of the Mental Health Research Institute of Victoria (Australia) and co-founding scientist of Prana Biotechnology presented data at the 10th International Conference on Alzheimer's Disease (ICAD) in Madrid demonstrating that in mouse models PBT2 :

- improved memory performance within five (5) days of oral dosing;
- rapidly reduced levels of soluble beta-amyloid ("Abeta") in the brain; and
- restored normal function of Abeta synapses

PBT2 is a new generation MPAC (Metal Protein Attenuating Compound) specifically designed by Prana Biotechnology's internal chemistry department to target beta-amyloid which is believed to be the protein involved in the formation of plaques in the brain which cause Alzheimer's Disease.

The recent results are highly encouraging with rodent studies of PBT2 showing that brain concentration of PBT2 is about 50 – fold greater than PBT1 (clioquinol) for a IV equivalent dose. PBT1 was found to halt cognitive decline in a previous pilot Phase IIa Alzheimer's patient study.

During national news interviews conducted over the weekend the company's chairman and CEO Geoffrey Kempler stressed that safety studies in animals and healthy humans (phase single and multiple dose) indicate that PBT2 is well tolerated at doses proposed for Alzheimer's treatment, however it would be at least 5 to 6 years before a therapeutic could be developed for commercial sale.

On the basis of the encouraging results achieved to date Prana is planning to commence a Phase II double-blind, placebo controlled trial of PBT2 in Alzheimer's patients in the 4th quarter of this year. If this trial is successful it may lead to a larger Phase III trial before the company may apply for regulatory approval for registration of a therapeutic.

About Prana Biotechnology Limited

Prana Biotechnology was established to commercialize 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, The Mental Health Research Institute 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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