

The Lancet Neurology Publishes Clinical Results of PBT2 in Alzheimer's Disease Patients

- Phase 2a study of PBT2 demonstrates positive biomarker and cognitive effects -

MELBOURNE, Australia – July 30, 2008 – Prana Biotechnology Limited (NASDAQ: PRAN / ASX: PBT), a biopharmaceutical company focused on the research and development of treatments for neurodegenerative disorders, announced today the publication of the results of its Phase 2a clinical trial on Alzheimer's disease patients in *The Lancet Neurology* journal.

PBT2, Prana's lead Alzheimer's drug, improved executive function, an important aspect of cognitive performance, in patients with early stage Alzheimer's disease. Further, PBT2 reduced the levels of Abeta in the spinal fluid of patients. Abeta is a key protein associated with Alzheimer's disease. Dr Craig Ritchie, the senior author of the publication and Prana's Chief European Clinical Advisor, commented that "The published clinical data is very encouraging, especially when coupled with PBT2's strong preclinical efficacy data, as recently published in *Neuron*." The PBT2 preclinical research findings demonstrated that PBT2 reduced Abeta in Alzheimer's disease animal models, with a corresponding cognitive improvement.

"The observed reduction of Abeta levels in the spinal fluid and improvement in signals of Executive Function in the clinical trial has similarities to the pattern of improvement observed in the animal models," concluded Dr. Ritchie. Prana's scientists have proposed that in the aged brain, Abeta interacts with abnormally distributed levels of zinc and copper, making the Abeta toxic. PBT2 prevents this interaction, restoring copper and zinc to normal levels in the brain.

Geoffrey Kempler, Prana's Chairman and CEO commented: "It is very pleasing that *The Lancet Neurology*, a prestigious peer reviewed journal, has published this clinical data. We have very high hopes for PBT2, and are delighted with its progress to date. We believe that PBT2 offers a unique mechanistic strategy for the treatment of Alzheimer's disease, and is well positioned to enter larger clinical trials and advance towards commercialization."

Study Overview:

Seventy-eight early stage Alzheimer's disease patients took either PBT2 (50mg or 250mg) or placebo once daily for 12 weeks, in a randomized, double-blind clinical trial. The safety and tolerability profile of PBT2 was similar to that of placebo. There were no study withdrawals related to adverse events, nor any serious adverse events (SAE) in PBT2-treated patients.

PBT2 250mg produced a highly significant reduction in Abeta 42 of 13% in the spinal fluid, compared to placebo ($p=0.006$). The effect of PBT2 was dose related ($p=0.023$).

In the cognitive tests, patients on PBT2 250mg performed significantly better than placebo in two tests of executive function. In the "Trail Making Part B" test, patients completed the task in an average of 42 seconds faster than they had at the beginning of the trial. In contrast, the placebo group was an average of 6 seconds slower. This difference between PBT2 250mg and placebo was statistically significant ($p=0.009$) and the effect of PBT2 was dose-related ($p=0.031$). In the "Category Fluency test", patients improved their word generation response in 60 seconds by an average of 2.4 more words than at the beginning of the trial. This compared with a decrease of 0.3 words in the placebo group. This difference between PBT2 250mg and placebo was statistically significant ($p=0.041$).

About Prana Biotechnology Limited

Prana Biotechnology was established to commercialize research into Alzheimer's disease and other major age-related neurodegenerative 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 (Melbourne) and Massachusetts General Hospital, a teaching hospital of Harvard Medical School, contributed to the discovery of Prana's technology.

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

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