



Prana Raises \$5 million

Private Placement Of Shares To Institutional and Sophisticated Investors

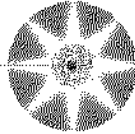
4 September 2003 Melbourne: Prana Biotechnology Limited (ASX: PBT, NASDAQ : PRAN) is pleased to announce that it has reached agreement for the private placement of up to 7.15 million new shares in the capital of the Company at a subscription price of 70 cents per share. The securities have been placed to institutions and eligible sophisticated investors who are clients of Peregrine Corporate Limited ("PCL") and the placement will raise up to \$5 million before allowing for costs associated with the issue. Funds raised will be predominantly applied towards accelerating the Company's development objectives, specifically the commencement of toxicology and clinical trials relating to Prana's proprietary suite of metal protein attenuating compounds ("MPAC's") and for working capital purposes.

On 5 August 2003 Prana announced that its highly successful medicinal chemistry program had created a library of approx. 300 compounds specifically engineered to address age-related neurodegenerative diseases such as Alzheimers Disease. From these compounds the Company's technical review committee selected an NCE (New Chemical Entity) which has been code-named PBT-2 to advance to human clinical trials. This follows the successful completion of Prana's recent proof of concept trial utilising clioquinol (PBT-1), an existing off-label drug previously prescribed for a non-related application.

PBT-2 is a new proprietary compound developed by Prana scientists to specifically target Alzheimers Disease. It is owned exclusively by Prana and has significantly outperformed PBT-1 in the laboratory and animal trials undertaken to date. Given the success of the previous human trials of PBT-1 the Board of Prana and its scientists approach the clinical phase of PBT-2 with heightened confidence. The funds raised will enable PBT2 to progress through to its initial human trials providing a potential therapeutic specifically designed to address the pathology of Alzheimers Disease.

Prana has already demonstrated the appeal of its research with the announcement on 19 March 2003 of the commercial collaboration and licence agreement with international pharmaceutical company Schering A.G. Pursuant to this agreement Schering A.G. has undertaken to provide \$7.3 million in research and development funding towards new research targets identified by Prana and in particular developing diagnostics for Alzheimers Disease. In addition to this research funding, successful outcomes will trigger milestone payments and royalties for Prana over a period of the next 2 to 5 years. A successful diagnostic or therapeutic arising from this collaboration would have a significant affect upon the Company's ongoing activities.

As a result of the placement the Company is now well funded with in excess of \$7 million cash at bank, an established commercial licensing agreement with a major international pharmaceutical company and a new proprietary compound with a library of back-up compounds ready for clinical evaluation.



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 aging 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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