



Prana Completes Review of Development Program

- Development and Commercialisation of MPAC's for the Treatment of Neurodegenerative Diseases Remains Company's Primary Focus and Goal -

Melbourne, Australia – June 16, 2005: Prana Biotechnology Limited (NASDAQ: PRAN, ASX: PBT), today announced that it has completed the strategic review of the Company's development programs and reaffirmed its commitment to the development of PBT2 for the treatment of Alzheimer's Disease.

The Company concluded that:

- PBT2 continues as the lead candidate for the potential treatment of Alzheimer's Disease
- Based on the Company's evaluation we are confident that PBT2 will not present the impurity problems that were found in PBT1.
- Prana's primary focus and goal continues to be the development and commercialisation of a range of MPAC's (metal-protein attenuating compounds) for the treatment of neurodegenerative diseases such as Alzheimer's Disease and Parkinson's Disease.

Prana commenced a series of Phase I clinical trials of PBT2 in March, with the dosing of its first subjects at a facility associated with the Utrecht University Hospital in Utrecht, The Netherlands. The Phase 1 program, comprising several studies, is expected to continue through the balance of 2005 and well into 2006.

"Prana has made considerable progress in developing PBT2 in the past 12 months," said Mr. Geoffrey Kempler, Executive Chairman and CEO, noting that:

- "we have completed a comprehensive battery of in vitro and in vivo tests to characterise the pharmacology and toxicology of the compound prior to the Phase I trial; and
- PBT2 has successfully passed two (2) in vivo mutagenicity tests.
- we are successfully advancing scaled up manufacturing in anticipation of GMP production; and
- we commenced the Phase I clinical trial as scheduled."

Alzheimer's Disease is a neurodegenerative disorder estimated to effect over 14 million people worldwide. There is no effective cure available to patients.

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,

the Massachusetts General Hospital (a teaching hospital of Harvard Medical School), and the Mental Health Research Institute of Victoria (Australia), discovered Prana's technology.

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

###

Contact:

Investor and media relations

Rebecca Piercy
Buchan Consulting
Ph: +61 3 9866 4722