

Media Coverage

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Prana Biotechnology to seek some AUD 10m in 2012 for phase II program, COO says

Prana Biotechnology (ASX: PBT; NASDAQ: PRAN), an Australian neurological disease drug development company, will seek some AUD 10m (USD 10.2m) in 2012 to support its phase II program, said COO Dianne Angus.

Speaking to this news service on the sidelines of yesterday's AusBiotech Life Sciences Investment Summit in Adelaide, she said this could be from existing or new institutional or retail shareholders. The AUD 43m market cap company, which has raised AUD 80m to date, is currently undervalued so is in a good position to offer investors an attractive upside, she said.

In addition, Prana Biotechnology offers investors a number of exit options as it is working on two different diseases in parallel - Alzheimer's and Huntington's – and is about to start trials for both, Angus said. Both have significant licensing opportunities, but they have different investment requirements and different timelines, hence offering investors different exit options, she explained.

Alzheimer's, with a potential USD 25bn market, provides a huge market opportunity but has an expensive and difficult development path as seen with a number of recent phase III failures, including Eli Lilly's in 2010, Angus said. However, she pointed out, Pfizer was still willing to pay USD 225m upfront with up to half a billion in milestones for the rights to Medivation's Dimebon Alzheimer's drug in 2008.

Huntington's, on the other hand, has a much smaller market and there is less precedent as there is only one FDA approved drug, but it provides both Prana Biotechnology and investors with another way to extract value, Angus said.

In addition, she added, Prana Biotechnology is using its drug development platform to diversify its pipeline into other neurological diseases, the first being Parkinson's, with its PBT 434 compound having received a grant from the Michael J Fox Foundation to support pre-clinical studies.