

REMUNERATION COMMITTEE CHARTER

July 2008

1 PURPOSE

- 1.1 The Remuneration Committee (the Committee) is a committee of the Progen Pharmaceuticals Limited Board (the Board) and applies to the Company and its subsidiaries and affiliates (the Group). The Committee's primary functions are to support and advise the Board in fulfilling its responsibilities to shareholders, employees and other stakeholders of the Company by endeavouring to ensure that:
- 1.1.1 The Directors and senior management of the Group are remunerated fairly and appropriately; and
- 1.1.2 The Group's remuneration policies and outcomes strike an appropriate balance between the interests of the Company's shareholders, and rewarding and motivating the Group's executives and employees in order to secure the long term benefits of their commitment and loyalty; and
- 1.1.3 The Group's human resources policies and practices are consistent with and complimentary to the strategic direction of the Company as is determined by the Board.

2 MEMBERSHIP AND TERM

- 2.1 The Committee shall consist a minimum of 3 directors, the majority to be independent.
- 2.2 Appointment to the Committee will be for 1 year or as otherwise determined by the Board.
- 2.3 A quorum shall be 2 members or any greater number determined by the Committee from time to time.
- 2.4 The duties and responsibilities of a member of the Committee shall be in addition to those duties set out for a Director of the Board.

3 CHAIRMAN

- 3.1 The Chairman of the Committee will be a person appointed as Chairman by the Board.
- 3.2 Should the Chairman be absent from a meeting, the members of the Committee present at the meeting shall choose one of the other members of the Committee to Chair that particular meeting.

4 FREQUENCY OF MEETINGS

- 4.1 The Chairman will call a meeting of the Committee if so requested by any member of the Committee.
- 4.2 The Committee shall meet as required and at least once per calendar year.

5 SECRETARY

- 5.1 The Company Secretary of the Company shall act as Secretary of the Committee.

6 VOTING

- 6.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Committee members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- 6.2 In the case of equality of votes, the Chairman of the meeting, in addition to his deliberate vote, has a casting vote.

7 ACCESS

- 7.1 The Committee shall have direct access to the Company's Officers and advisers, both internal and external, and shall have the authority to seek whatever independent, professional or other advice it requires from outside of the Company in order to assist it in meeting its responsibilities.

8 ATTENDANCE AT MEETINGS

- 8.1 Individuals who are not members of the Committee, whether Directors, other members of management of the Group, or parties external to the Group, may be invited to attend any meeting of the Committee.
- 8.2 An individual who is not a member of the Committee may be asked by the Committee to withdraw for all or any part of any Committee meeting.

9 WRITTEN CONSENT

- 9.1 Any action required or permitted to be taken at any meeting of the Committee may be taken without a meeting, if a written consent thereto is signed by all members of the Committee, provided that such written consent shall be filed with the minutes of the proceedings of the Committee.

10 DUTIES AND SCOPE

The primary responsibility of the Committee is to assist the Board of Directors of the Company in fulfilling its responsibilities in relation to the remuneration of the Board and the senior executives (Managing Director, his/her direct reports and any other executives whose remuneration is specifically disclosed in the Annual Report) in recommending the following to the Board:

- 10.1 Determining remuneration policies and remuneration of Directors;
- Determining remuneration policies and remuneration packages and incentives of key executives;
- 10.2 Determining the Group's recruitment, retention and termination policies and procedures for senior management;
- 10.3 Determining and reviewing incentive schemes that align the interests of shareholders with those of management;
- 10.4 Annual report disclosures on remuneration;
- 10.5 ASX disclosure of the remuneration package of a new Managing Director/CEO;
- 10.6 Reviewing succession plans for senior management; and

10.7 Any other matters the Board requests in relation to remuneration.

11 REPORTING

11.1 Proceedings of all meetings are minuted and signed by the Chairman of the Committee.

11.2 Minutes of all Committee meetings will be provided to the subsequent Board and Committee meetings.

12 REVIEW OF CHARTER

12.1 This Charter is to be reviewed by the Board from time to time and in any event every three years, to ensure it remains consistent with the Board's objectives and responsibilities.

13 PUBLICATION OF CHARTER

13.1 A copy of this Charter is available at www.progen-pharma.com

13.2 This Charter is to be made available to shareholders of the Company upon request.