

Progen Pharmaceuticals Limited – Financial Update

Brisbane, Australia. 1 February 2008, Progen Pharmaceuticals (ASX: PGL, NASDAQ: PGLA) today advises that the first half loss is expected to be in the range of \$AUD14.0 million to \$AUD14.5 million. This is an increase of approximately 30% over the previous corresponding reporting period loss of \$AUD10.95 million.

The previous corresponding reporting period loss included \$AUD5.04 million of one-off charges in relation to the termination of the Agreement for Strategic Alliance with Medigen Biotechnology Corporation (“Medigen”).

Factors affecting this year’s first half financial performance include:

- o Expenditures incurred in relation to the Phase III clinical trial of PI-88 in post-resection liver cancer including payments and accruals to Quintiles, the CRO appointed to conduct the trial and vial filling and packaging of PI-88 and placebo.
- o Expensing of the fair-value of options issued to management and employees on 14 September 2007. This is a non-cash item.
- o An accrual of \$AUD4.0 million payable to Medigen under the terms of an agreement terminating the Agreement for Strategic Alliance.

Looking forward, we expect the full-year loss to be in the range of a 10.0% to 15.0% increase over the previous corresponding period loss of \$AUD22.45 million. The final financial position will depend upon the rate of site initiation and patient recruitment onto the Phase III trial of PI-88 in post-resection liver cancer and the impact of continued movements in the USD:AUD exchange rate as most of our Phase III commitments are in USD’s and we hold a significant amount of cash in USD deposits.

Progen maintains a strong cash balance of approximately \$AUD91.0 million at 31 December 2007.

About Progen: Progen Pharmaceuticals Limited (ACN 010 975 612) is an Australian-based globally focused biotechnology company committed to the discovery, development and commercialisation of small molecule therapeutics primarily for the treatment of cancer.

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