

Progen Pharmaceuticals Announces Fiscal 2007 Financial Results

- Positive Phase 2 Clinical Trial Results from PI-88 in Liver Cancer and \$92.4 million in Raised Capital Highlight the Year -

Brisbane, Australia. 23 August 2007: Progen Pharmaceuticals Limited (ASX: PGL; NASDAQ: PGLA) today released its financial results for the fiscal year ended 30 June 2007.

Fiscal 2007 Corporate Highlights

- Announced positive results from a Phase 2, 172 patient, post-resection liver cancer trial for PI-88 that support moving into a multi-national registration-directed Phase 3 trial;
- Raised a net total of \$92.4 million through various fundraising activities, which provides Progen with additional working capital to fund the Phase 3 clinical development of PI-88 in post-resection liver cancer, conduct additional clinical trials of PI-88 in other indications and further develop other product candidates;
- Completed a royalty-buy-back negotiation with Medigen Biotechnology Corporation (Medigen) resulting in the conclusion of the Strategic Alliance between the two companies, which provides Progen with maximum flexibility and the opportunity to more rapidly develop and commercialise PI-88;
- Continued efforts on the Company's Phase 2 PI-88 prostate and melanoma trials with results expected in the first half and second half of calendar 2008, respectively;
- Completed Phase 2 Non-Small Cell Lung Cancer trial with results due by the end of the third quarter in calendar 2007;
- Received a grant of up to \$4.6 million through the Australian Government's Pharmaceuticals Partnerships Program that will be used towards PI-88's research and development costs;
- Expanded senior management team and established leading international clinical advisory board of liver cancer specialists to support the clinical development and commercialisation of PI-88 in post-resection liver cancer
- Selected lead candidates for our drug discovery program focused on developing inhibitors of heparin binding proteins, and presented animal data at the American Association of Cancer Research meeting. Progen expects to submit an Investigational New Drug application to the FDA by the end of the calendar year 2008.

"This past fiscal year was the most significant and successful in Progen's history," said Justus Homburg, Chief Executive Officer of Progen Pharmaceuticals. "Our positive Phase 2 results for PI-88 in liver cancer, combined with our considerable fundraising efforts, have effectively positioned us to initiate our Phase 3 Trial during this calendar year and continue aggressively pursuing the development, registration and commercialisation of PI-88. At the completion of the trial, we expect to have a registration package for PI-88 in over a dozen countries."

Fiscal 2007 Financial Results:

Progen's operating loss for the year ended 30 June 2007 was \$22.5 million, as compared to \$7.6 million in 2006. The operating loss from continuing operations, excluding the non-recurring compensation of \$11.7 million paid to Medigen in 2007, amounted to \$10.7 million, as compared to \$7.0 million in 2006, representing a 53.6 percent increase from last year. Of the \$11.7 million paid to Medigen, \$11.4 million was non-cash and included equity payments and the return of our investment in Medigen.

The operating loss includes expenses of \$2.2 million, as compared to \$369,000 in 2006 for costs associated with preparations for the Phase 3 development of PI-88, including regulatory, additional animal studies and manufacturing.

Fiscal 2007 revenue and other income totaled \$3.8 million, as compared to \$2.8 million in 2006, a 33.9 percent increase. This increase was due to a 41.2 percent increase in revenue from a previously received Australian government grant, and a 58.3 percent increase in interest income due to increased funds on deposit following the Company's capital raisings.

* All figures quoted above are in Australian dollars.

About Progen: Progen Pharmaceuticals Limited 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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This press release contains forward-looking statements that are based on current management expectations. These statements may differ materially from actual future events or results due to certain risks and uncertainties, including without limitation, risks associated with drug development and manufacture, risks inherent in the extensive regulatory approval process mandated by the United States Food and Drug Administration and the Australian Therapeutic Goods Administration, delays in obtaining the necessary approvals for clinical testing, patient recruitment, delays in the conduct of clinical trials, market acceptance of PI-88, PI-166 and other drugs, future capitals needs, general economic conditions, and other risks and uncertainties detailed from time to time in the Company's filings with the Australian Stock Exchange and the United States Securities and Exchange Commission. Moreover, there can be no assurance that others will not independently develop similar products or processes or design around patents owned or licensed by the Company, or that patents owned or licensed by the Company will provide meaningful protection or competitive advantages.