

Progress Update

 **PROGEN**
PHARMACEUTICALS



JULY 2007

Safe Harbour Statement

This presentation 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 inherent in the extensive regulatory approval process mandated by the United States Food and Drug Administration and the Australian Therapeutic Goods Administration prior to the commercialization of any of our product candidates, including PI-88, the risk that the Phase 2 study results described herein are not predictive of the Phase 3 studies which we intend to initiate, risks attendant to delays in obtaining the necessary approvals for clinical testing of our product candidates, risks associated with delays in patient recruitment for our planned Phase 3 clinical and other trials, delays in the conduct and completion of our clinical trials, in particular our planned phase 3 clinical trials for PI-88, risks associated with our failure to demonstrate adequate efficacy and safety data in our planned phase 3 clinical trials to advance the development of PI-88, risks associated with our inability or failure to meet applicable regulatory standards and receive regulatory approval for commercialization of PI-88, risks associated with the market acceptance of PI-88, PI-166 and any of our other product candidates, if approved for commercialization, risks associated with our inability to manufacture or otherwise obtain adequate supplies of PI-88, our future capitals needs, general economic conditions, and other risks and uncertainties detailed from time to time in our 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.



Strategic Focus

➤ Focus of discussion today:

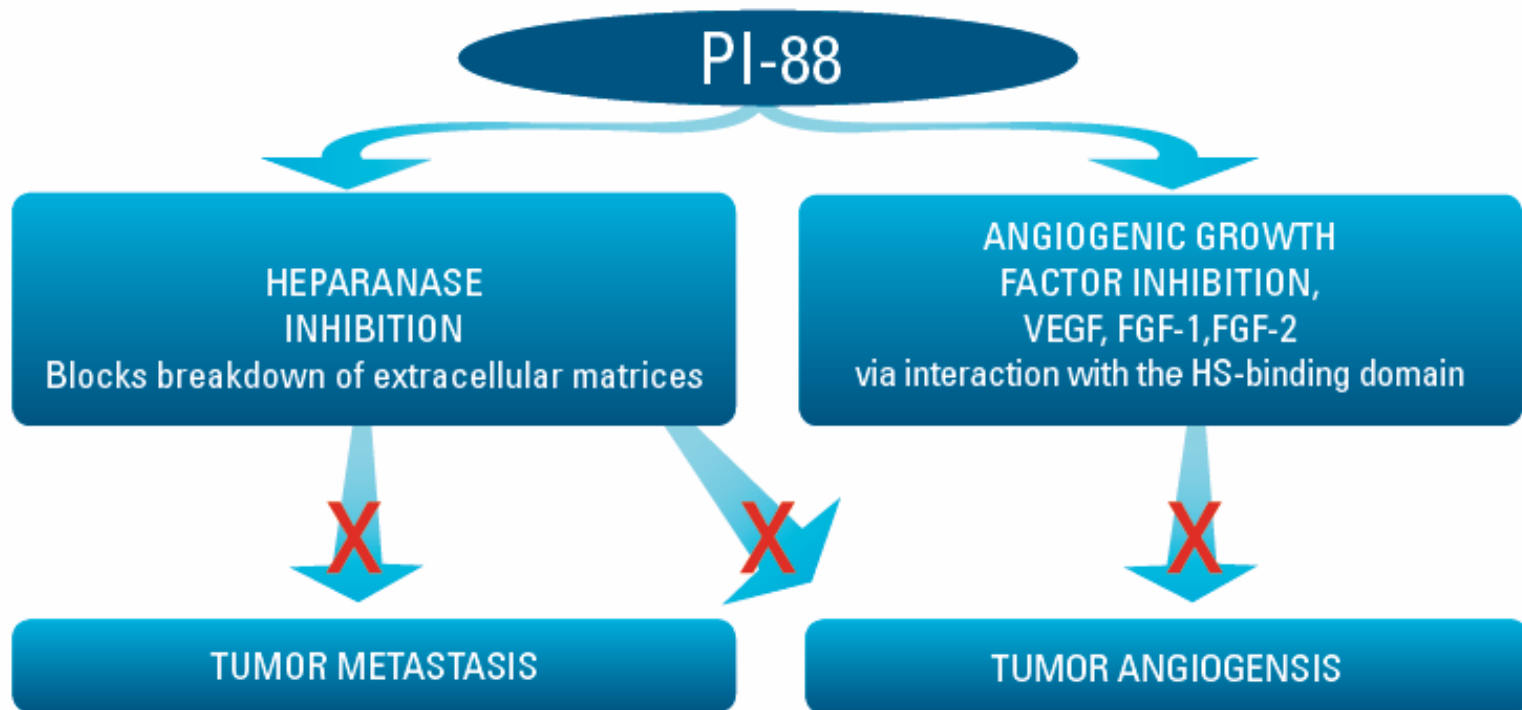
- Maximise PI-88 platform value
- Drive PI-88 commercialisation
 - PI-88 in HCC Phase 3
 - PI-88 manufacturing
 - PI-88 registration

➤ For later discussions:

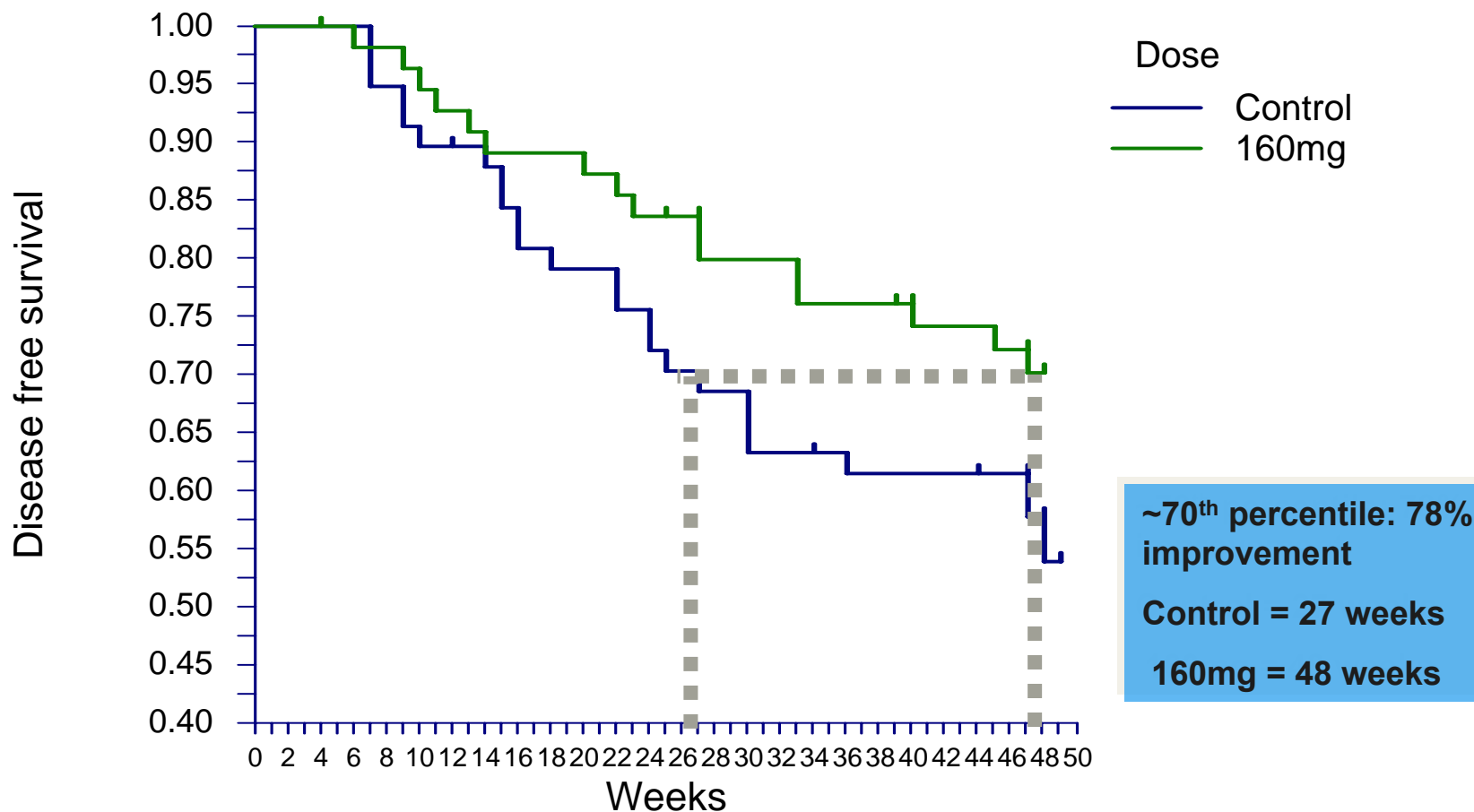
- Develop PI-88 indications platform
- Expand technology portfolio



PI-88's Unique Dual Mechanism of Action



Phase 2 HCC Trial – Disease-free Survival



PI-88 Phase 3 Trial

- Currently over 150 people are working world-wide on the preparation to implement this trial before the end of 2007
- When fully operational, more than 1,000 people will be involved in the execution of this trial

When this trial is completed, Progen will have:

- A package to register PI-88 in over a dozen countries
- Prepared production capacity adequate to make PI-88 for the first several years of commercialization
- Expanded the PI-88 indications platform for further Phase 3 development
- Built a clinician foundation for rapid market development

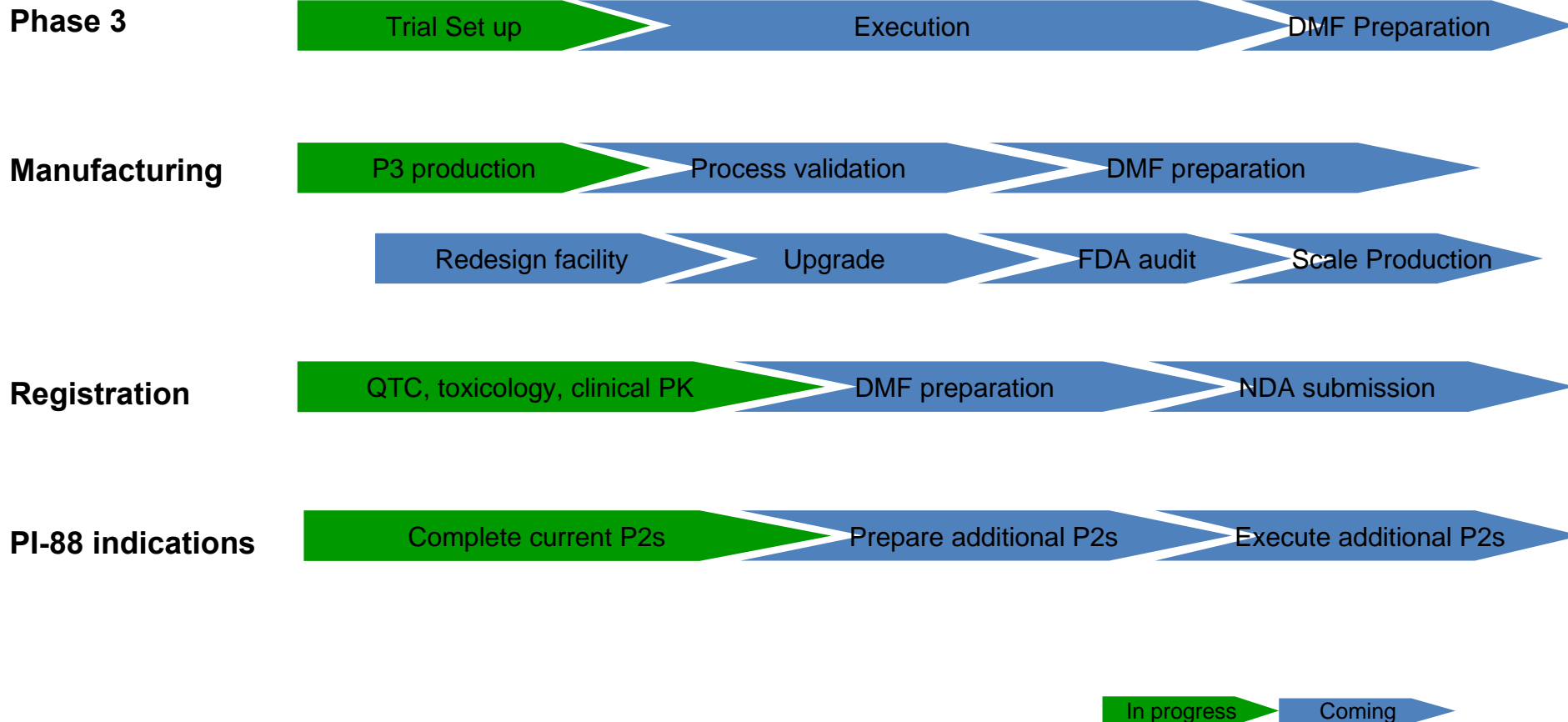


Phase 3 Trial Characteristics

Feature	Phase 2	Phase 3	Impact
Design	Time based	Event based	Faster, FDA support
Statistics (alpha – Type 1 error)	unspecified	.05	FDA Standard
Statistics (Beta – Type 2 error)	.80	.85	Normal Phase 3 range .80 to .90
DFS improvement	78%	~40%	Higher chance of success
Control median recurrence rate	12.4 months	15 months	Higher chance of success
Control arm	Open-label, un-blinded	Double-blinded placebo control	More rigorous statistical design
Treatment time	36 weeks	Until recurrence or trial completion	Improved expected efficacy
Sample Size	114 (two arms)	Maximum of 800	Increased power
Number of Sites	6	60-70	Broader recruitment & geographic coverage
Number of countries	1	14 (plus Japan)	Driver to registration strategy



Critical Objectives – driving to registration



Current Efforts – Trial launch H2 2007

Trial design

CAB Establishment

Protocol design and SPA process

Protocol lock

Trial processes

CROs selection

Analytical systems established

Implementation

Site enlistment

Site identification

Site recruitment

Site engagement

Trial registration

Regulatory submissions

Ethics review

Site initiation

Manufacturing

Intermediate production

PI-88 production

Fill and finish

Packaging

Package design

Package production

Distribution

Completed

In progress

Coming



Current Focus & Resources

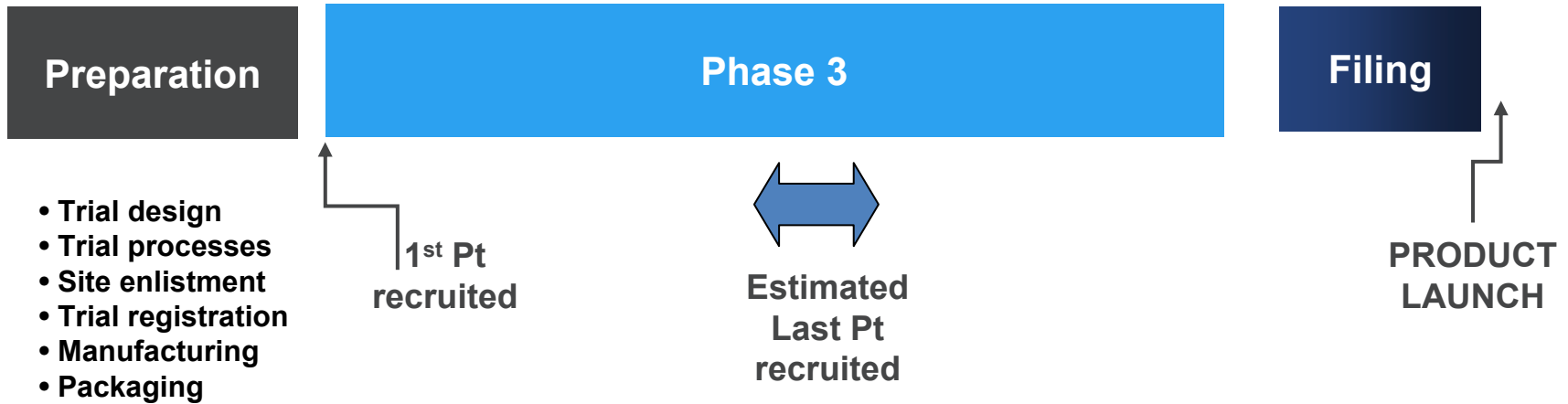
- Trial design, processes development, registration & sites
 - James Garner & Clinical Development Team
 - Clinical Advisory Board
 - Independent external specialist advisors
 - Clinical trial execution CRO, other CROs

- Manufacturing & Packaging
 - John Devlin & Manufacturing Team
 - CMOs for filling, placebo manufacturing, packaging, & distribution



Potential timeline to first PI-88 registration

Potential Timeframes																							
2006		2007				2008				2009				2010				2011					
Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		



Countries covered in Phase 3

- United States & Canada
- France, Italy and Spain
- Australia
- China, Hong Kong, South Korea, Malaysia, Singapore, Taiwan, Vietnam, Thailand
- Japan through bioequivalence bridging study executed simultaneously



Current Focus - Status

- SPA – latest protocol in review by FDA and External FDA advisors – response timing uncertain
 - FDA turn-around delayed on many if not all reviews
 - External FDA advisors review timing unspecified
 - Previous FDA feedback supports key trial characteristics
 - Additional requests
 - All Case Record Forms (CRFs)
 - Detailed Statistical Analysis Plan
 - Pharmacokinetic assessment process
- CRO engagement
 - Final contract negotiations nearing completion
 - Current planning & preparation efforts part of separate, specific contracts



Registration Strategy

- Primary registration in USA
- Followed by EU, Australia
- Followed by Asia
- Japan linked through bioequivalence study executed concurrently

Registration strategy is foundation for commercialization representing two-thirds of global HCC incidence



Commercialization Strategy – Focus on Value Optimization

- Commercialization flexibility
 - Licensing
 - Co-marketing/co-development
 - Distribution agreements
 - Market in some territories

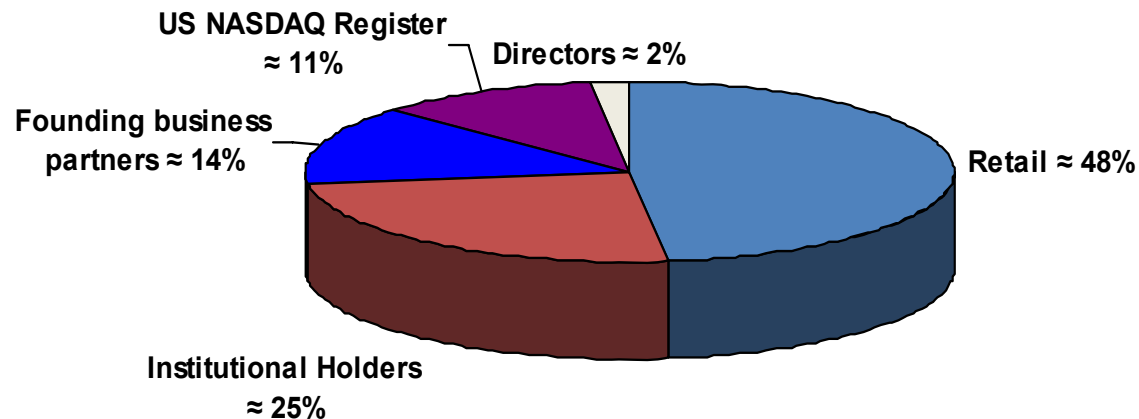


Value maximization driven by continued focus on getting PI-88 to patients as rapidly as possible

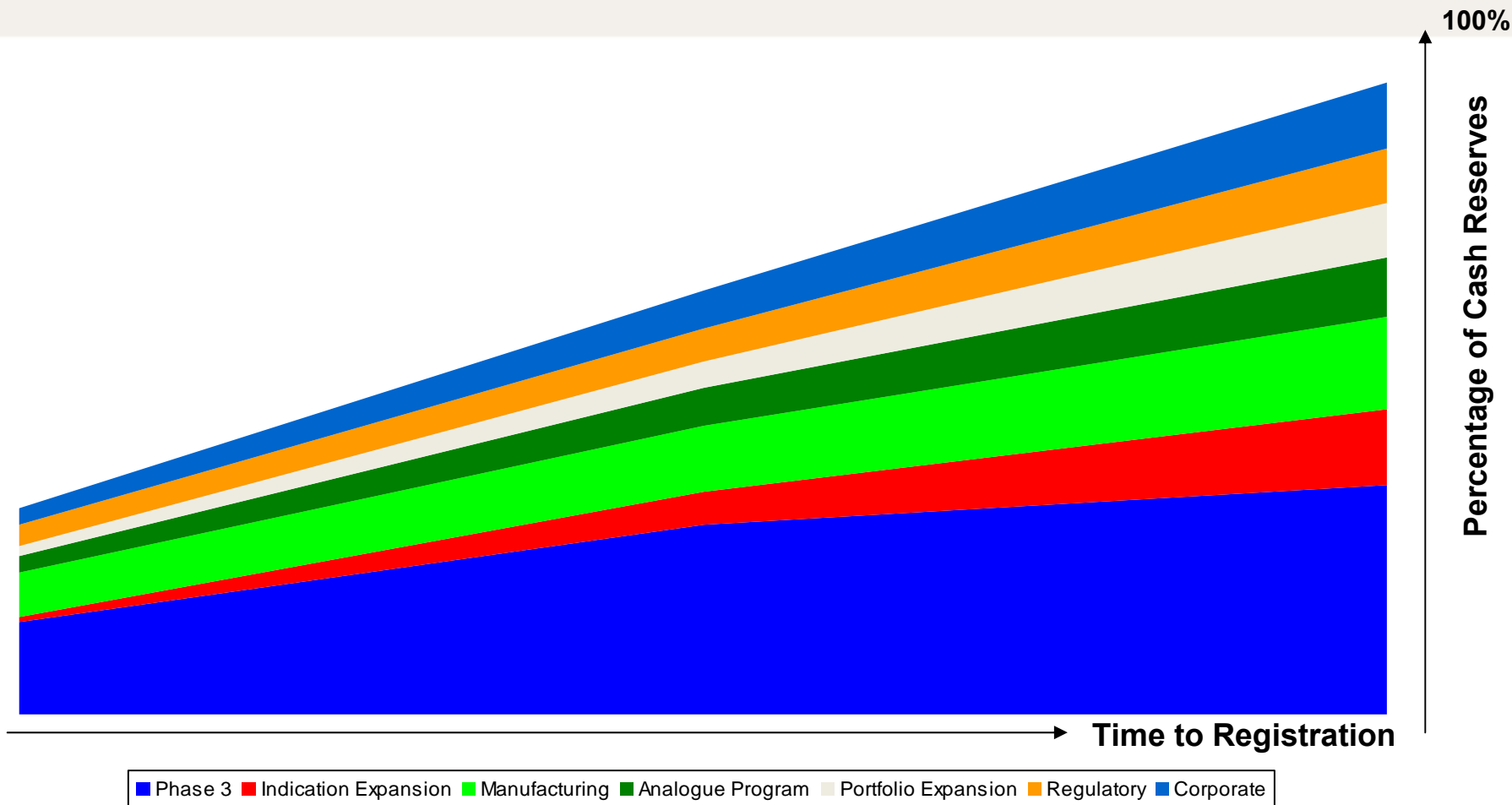


Financials and Capital Structure

- Current Approximate cash position ~ A\$100.0 M
- Total shares on issue ~ 59.4 M
- Options on issue ~ 3.0 M
- Unquoted employee options ~ 0.6 M



Usage of funds - cumulative



All activities fully funded through to completion of PI-88 Phase 3 development through cash reserves, P3 and Commercial Ready grants, and revenues.

Progen – In the strongest position ever

- Phase 3 design characteristics focused on high chance of success
- Phase 3 initiation on track for 2H 07 start
- Critical corporate objectives planned and resourced
- Current Phase 2 program proceeding; incremental indications being assessed
- PI-88 analogue program in pre-clinical development and proceeding to clinical development in 2008
- Active heparanase discovery program expanding the portfolio to proceed through pre-clinical development

