

PROGEN

ASX: PGL

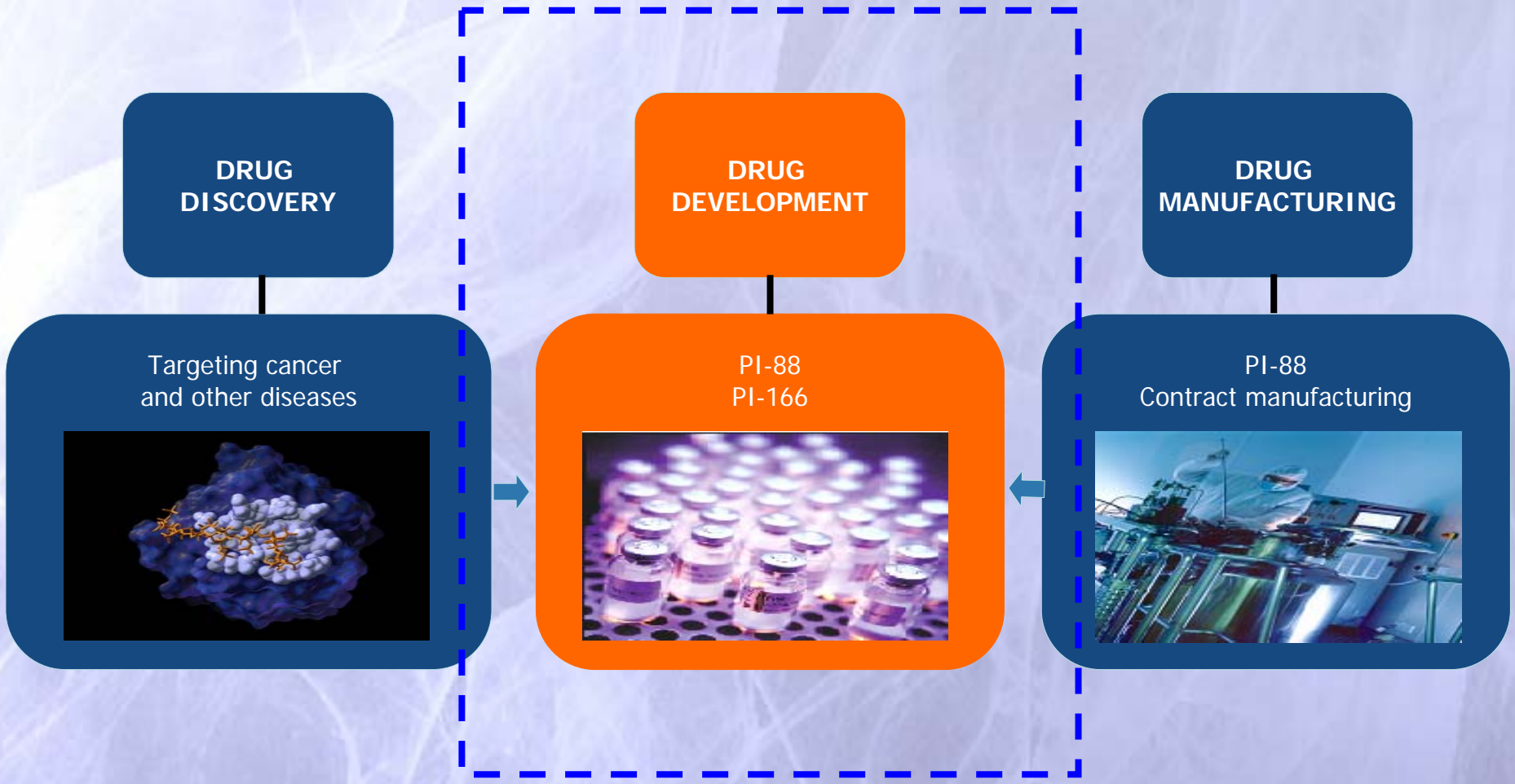
NASDAQ: PGLAF

Committed to improving health outcomes for cancer patients

March 2006



Commercial focus



The drug discovery and drug manufacturing components support the drug development pipeline

Value proposition

Driving unique and globally competitive position, primarily in oncology to realize our US listing value

- ▶ **Unique proprietary technology**
 - ▶ Glycomics – heparan sulfate mimetics
 - ▶ Applicable to other diseases as well

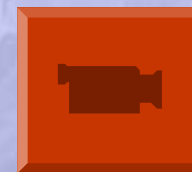
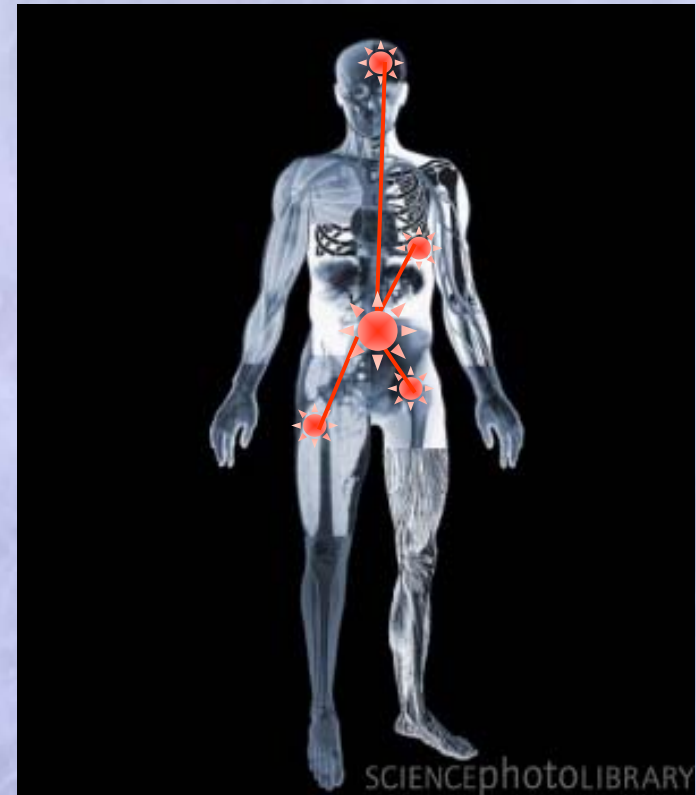
- ▶ **Strong clinical development capability:**
 - ▶ Two novel cancer drugs in clinical trials
 - PI-88 in multiple Phase II trials under IND with US FDA
 - PI-166 in Phase Ib

- ▶ **Internal drug development capability**
 - ▶ Creating new compounds for clinical development
 - ▶ Start & Commercial Ready Grant Funds

- ▶ **Additional growth opportunities**
 - ▶ Strategic alliance for PI-88 in oncology
 - ▶ Co-development alliances for PI-88 in other applications
 - ▶ New technology in-licensing opportunities

Focus on cancer: Issues in cancer treatment

- ▶ Stop tumour growth
- ▶ Prevent tumour spread
- ▶ Maintaining quality of life



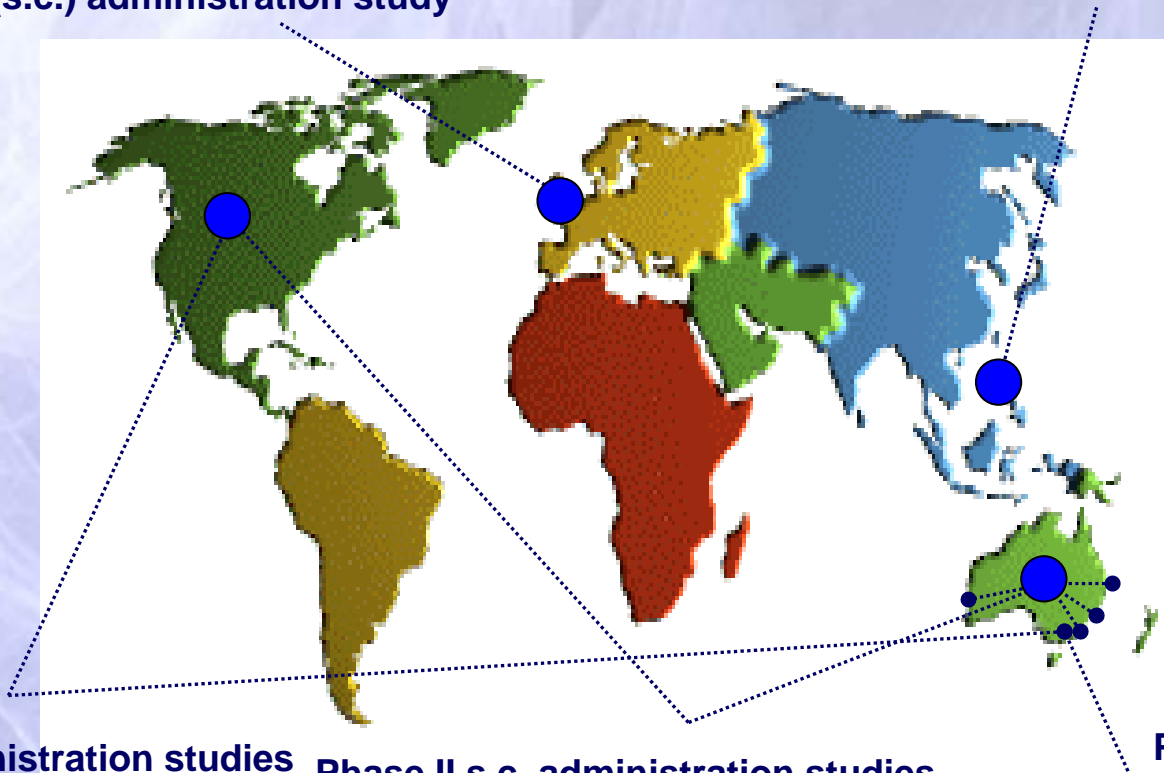
PI-88 – International cancer clinical trial program

Phase Ia healthy volunteer studies (UK)

- intravenous (i.v.) infusion study
- subcutaneous (s.c.) administration study

Phase II s.c. administration studies

- liver cancer (Taiwan)



Phase Ib s.c. administration studies

- single agent (Australia, US)
- combination (US)

Phase II s.c. administration studies

- myeloma (Australia)
- melanoma (Australia, US)
- melanoma combination (Australia, US)
- lung cancer (Australia)
- prostate cancer (Australia)

Phase Ib i.v. infusion study (Australia)

PI-88 Phase II clinical summary

Cancer type	Treatment	No. patients	Status
Advanced melanoma	PI-88 (Self administration)	44	Completed May 05
Multiple myeloma	PI-88 (Self administration)	19	Completed - final report drafted
Metastatic melanoma	DTIC + PI-88 (Self administration)	118	Ongoing
Advanced lung cancer (NSCLC)	Docetaxel + PI-88 (Self administration)	100	Ongoing
Liver cancer (Post-operative HCC)	PI-88 (Self administration)	343	Ongoing, Phase I recruitment completed - 172 pts
Prostate cancer (AIPC)	Docetaxel + PI-88 (self administration)	90	Ongoing
Total no. of planned patients in Phase II program		714	

PI-88 in oncology clinical development

Colorectal Cancer

Breast Cancer

Pancreatic Cancer

Renal Cancer

Prostate Cancer

Multiple Myeloma

Melanoma

Non Small Cell Lung Cancer

Liver Cancer

Why are we doing so many clinical trials?

Clinical Trials	PI-88	Avastin[®]
Phase I	5	8
Phase II	6	27
Phase III	0	7

Avastin[®] now approved treatment for;

- Advanced colorectal cancer (in combination)
- Advanced Lung Cancer (in combination)
- Advanced Breast Cancer (in combination)

PI-88 Phase II melanoma trial results

PI-88 : Efficacy Data

- ▶ **Single group trial (comparison with historical data)**
 - ▶ **Patients on PI-88 trial had a median survival - 9 months**
 - ▶ **Middleton Phase III study – median survival of patients on DTIC was 6.4 months¹**

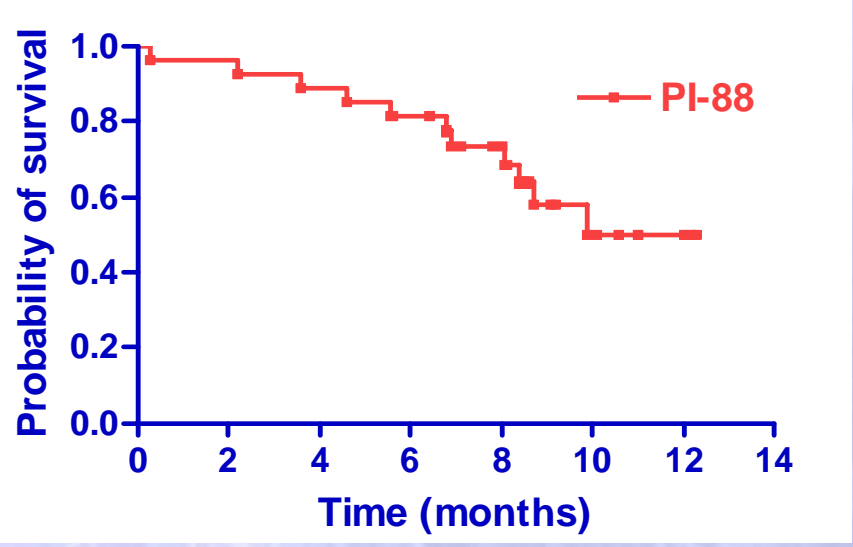
Note !

- ▶ **PI-88 trial was as single-agent therapy**
- ▶ **Second-line treatment (patients that have failed prior treatment)**

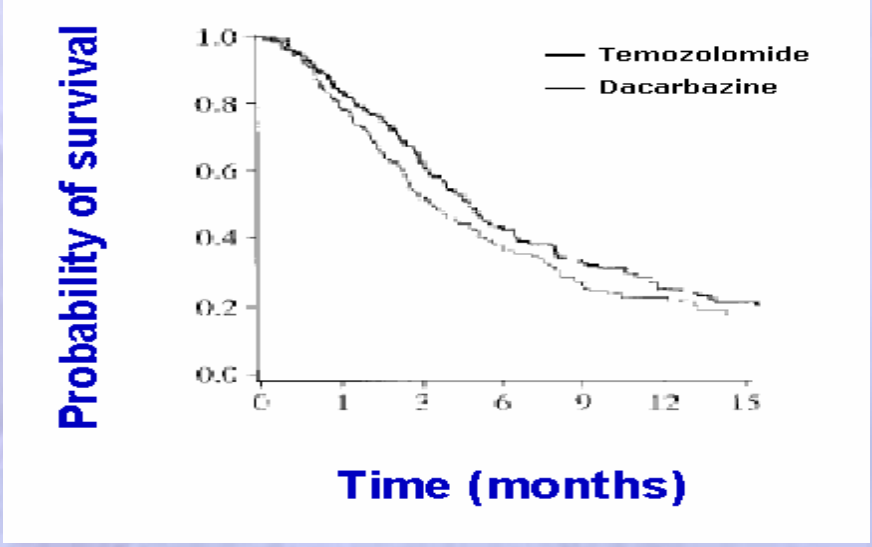
¹ Middleton MR et al. Randomized Phase III Study of Temozolomide Versus Dacarbazine in the Treatment of Patients with Advanced Metastatic Melanoma, Journal of Clinical Oncology, Vol 18(1), Jan 2000. pp.158-166.

PI-88 Phase II melanoma trial results

PI-88 interim data
 First 23 evaluable patients (January, 2005)



Melanoma Historical data for Dacarbazine (DTIC) or Temozolomide as 1st line Therapy













Treatment Drug	6 month Survival	Median Survival (months)
DTIC	51%	6.4
Temozolomide	61%	7.7
PI-88	80%*	9.0*

* not statistically significant
 @Middleton *et al.*, *J. Clin. Oncol.*, 2000, **18**, 158

PI-88 Phase II melanoma trial results

Improved patient survival is a primary endpoint for registration.

 	<p>2nd Line Lung cancer 2 months increase in patient survival (6.7 vs 4.7 with a placebo)</p>
 	<p>Mesothelioma 3 months increase in patient survival for combination with cisplatin (12 vs. 9 months with cisplatin).</p>
 	<p>Bowel cancer 4.7 months increase in patient survival for combination with IFL (20.3 vs 15.6 with IFL alone)</p>
 	<p>2nd Line Lung cancer 3.6 months increase in patient survival (7 vs 4.6 in those receiving supportive care only)</p>
 	<p>Bowel cancer 2.5 months extended survival (14.8 vs 12.3 5-FU/LV alone)</p>

PI-88 Strategic Alliance Strategy

Establish strategic co-development alliances for PI-88 at the appropriate time to:

1. Accelerate 'speed to market'

2. Expand clinical development program

3. Provide nearer-term revenue

PI-88: Strategic Alliance Status

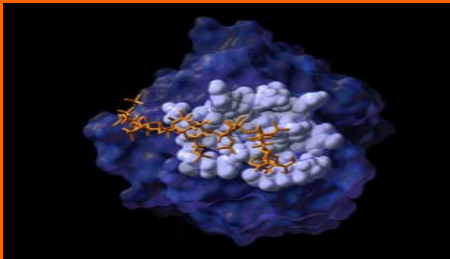
- ▶ Progen alliance profile remains strong
 - ✓ Market - CANCER – very high unmet medical need
 - ✓ Innovation – anti-angiogenesis, multiple targets, mechanism
 - ✓ Unencumbered IP – coverage to 2016
 - ✓ U.S. regulatory process (FDA IND and Orphan Drug status granted)
 - ✓ Manufacture in-house synthesis and scale-up
 - ✓ Safety profile: Good and self-administered
 - ✓ Efficacy: Single Agent efficacy observed

- ! Ideally partnership should include:
 - ▶ Clinical development capability
 - ▶ Significant market and/or global reach
 - ▶ Compatible strategy in cancer drug development
 - ▶ Minimal competing/overlapping products

Drug Discovery

**DRUG
DISCOVERY**

Targeting cancer
and other diseases



**DRUG
DEVELOPMENT**

PI-88
PI-166

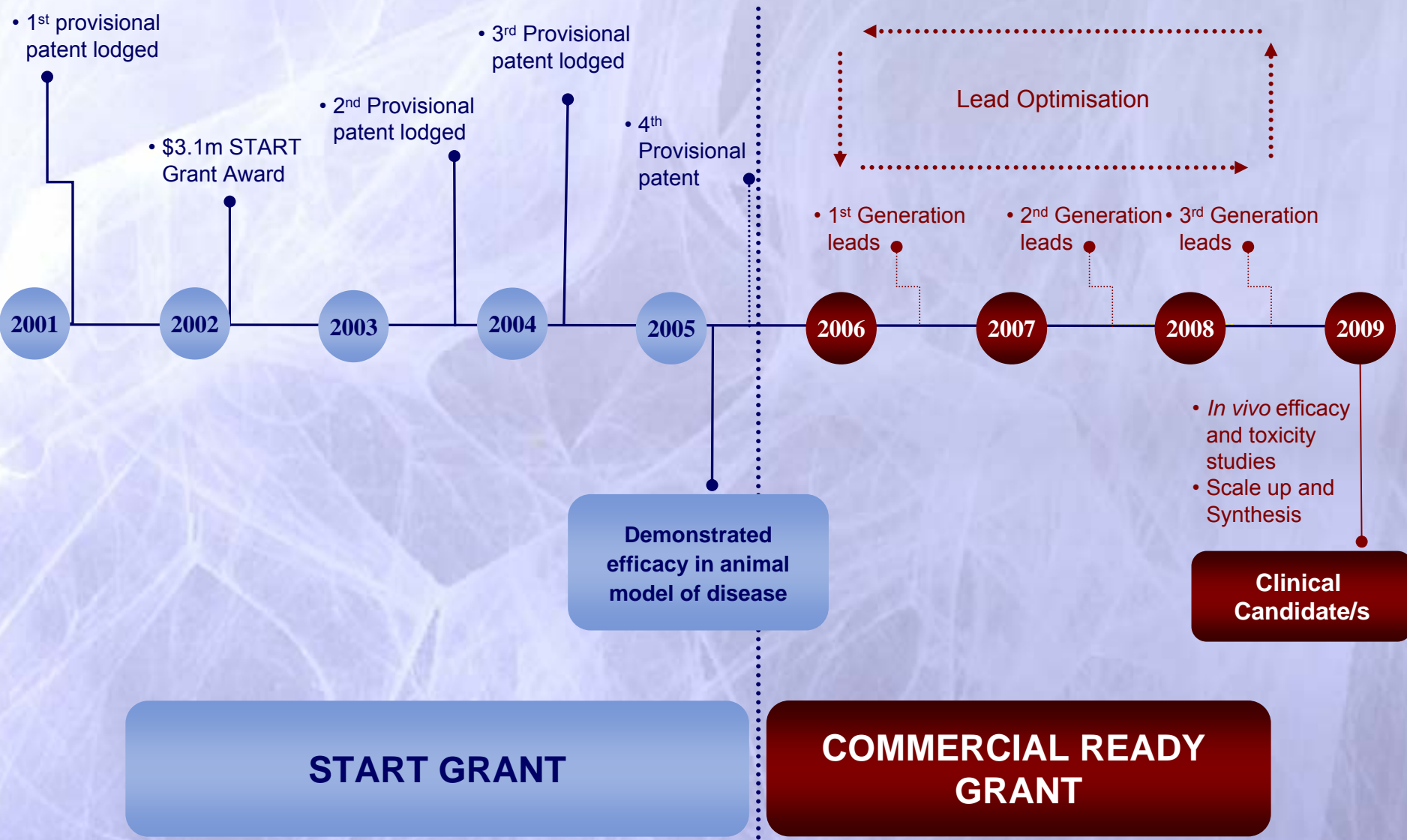


**DRUG
MANUFACTURING**

PI-88
Contract manufacturing



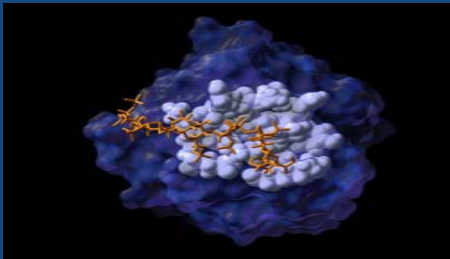
Lead Compound to Clinical Candidate



Commercial focus

**DRUG
DISCOVERY**

Targeting cancer
and other diseases



**DRUG
DEVELOPMENT**

PI-88
PI-166



**DRUG
MANUFACTURING**

PI-88
Contract manufacturing



Status and achievements – drug supply

cGMP drug manufacturing capability

- ▶ PI-88 clinical trial drug supply from Progen facility.
(Supply of 10 kg of PI-88 for trials in 2005)
- ▶ Reviewing PI-88 Phase III and commercial supply possibilities and alternatives
- ▶ Consecutive profitability has established divisional capability as a drug manufacturer and potential profit centre.
- ▶ Pursuing PI-88 clinical supply over Contract manufacturing in the short-term

Objectives for 2006

- ▶ **Secure PI-88 Partnership**
- ▶ **Expand product profile of PI-88**
 - ▶ Data generation into Ph II clinical trial program
 - ▶ Manufacturing scale-up and validation for late commercialization
 - ▶ Leverage extensive IP portfolio to support product offer
- ▶ **Expand drug pipeline via**
 - ▶ In-licensing
 - ▶ Drug Discovery
 - ▶ Alliances

CORPORATE & FINANCIALS

Total number of fully paid ordinary shares on issue	40,556,793
Unquoted Employee Options (various prices)	281,320
Total shares and options outstanding	40,838,113
Options as % of total	0.68%

ASX: PGL

12-month high

12-month low

Ave daily volume – past 3 mo

AUD

\$3.70

\$1.90

102,856

NASDAQ: PGLAF

12-month high

12-month low

Ave daily volume – past 3 mo

USD

\$2.80

\$1.52

6,408

Capital structure

March 2006

US Shareholder Register

~ Total US-registered shareholders	1200
Total US-held shares	3.3 M

Australian Shareholder Register

~ Total Australia-registered shareholders	3,000
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LARGEST CORPORATE HOLDERS	SHARES	%
NATIONAL NOMINEES LIMITED	3,180,696	7.8
ANZ NOMINEES LIMITED	2,672,216	6.6
MEDIGEN BIOTECHNOLOGY	1,911,350	4.7
JP MORGAN NOMINEES PTY LTD	1,553,556	3.8
COGENT NOMINEES	1,224,373	3.0
QUEENSLAND INVESTMENT CORPORATION	1,128,366	2.8
AMP LIFE LIMITED	1,124,048	2.8
CITICORP NOMINEES	846,418	2.1
WESTPAC CUSTODIAN	706,440	1.7

Cash position

Cash position at 31 December 2005 **\$20.54 M**

**Anticipated average burn rate per month
(12 months to 31 December 2006)** **\$500 K**

**Capital injections – year to 30 June 2005:-
(Shareholder, Director and Employee Option Exercise)** **\$14.32 M**

Board of Directors

Stephen Chang, Chairman

Founding director of company, former GM and Director of Australia Pacific Electric Cables Pty Ltd

Prof John Zalcborg (MD PhD.), Non-executive director

NED since May 1995, Professor/Director of the Division of Haematology and Medical Oncology, Peter MacCallum Cancer Institute, Victoria

Patrick Burns (LLB Harvard), Non-executive director

NED since March 1999, Vice Chairman of StableEyes, Inc. USA

Malvin Eutick (PhD), Non-executive director

NED since March 1999, Director of TUTA Healthcare and Pharmalab

Dr Stanley Chang (MD PhD), Non-executive director

NED since 2000, CEO - Medigen Biotechnology Corporation

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 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 capital 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 clinical data will remain scientifically, medically or commercially relevant or 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.