

Progen Pharmaceuticals Ltd signs License and Collaboration Agreement with Medigen Biotech Corp.

Brisbane, Australia, 30th June 2010. Progen Pharmaceuticals Ltd (ASX:PGL, NASDAQ:PGLA) announced today that they had signed a License and Collaboration Agreement with Medigen Biotech Corporation (Taipei, Taiwan) for the development and commercialisation of muparfostat (PI-88) globally.

This agreement creates a binding arrangement between the parties and follows the signing of a non binding Letter of Intent in April 2010.

The signing of this License and Collaboration Agreement with Medigen puts the muparfostat development program firmly back on track for Phase III and commercialisation" said Sue MacLeman, Chief Executive Officer, Progen Pharmaceuticals Ltd.

"Medigen is well positioned to take this important asset forward. They are experienced with the product through their involvement in both its development and Phase II clinical trials. They also have a strong track record and understanding of the Asian markets which will be the major markets for muparfostat in liver cancer"

"I have been delighted with how the Medigen and Progen teams have been working together on the Phase III preparation and we are also pleased that we have been able to finalise this agreement in such a short period of time," said Ms MacLeman.

"Medigen looks forward to working with Progen diligently to make PI-88 a successful story in the treatment of liver cancer," said Stanley Chang, Chairman and Chief Executive Officer, Medigen Biotechnology Corp.

"Medigen is one of the leading biotech companies in Taiwan, and has been devoted to drug development in the area of cancer therapeutics for more than 10 years. We are delighted to be able to finalise this agreement and look forward to a positive and productive relationship that will bring benefits to Progen shareholders," said Stuart James, Chairman, Progen Pharmaceuticals Ltd.

Muparfostat is a multi-targeted cancer therapeutic in late stage development which inhibits both angiogenesis (or tumour promoting) factors such as Vascular Endothelial Growth Factor (VEGF), Fibroblast Growth Factors (FGF) 1 and 2, and heparanase, an enzyme implicated in metastasis (tumour spread).

The specific details of the agreement are confidential for commercial reasons. The company can however disclose that this is an exclusive worldwide License and Collaboration agreement with sub license rights for the commercialisation of PI-88 for the therapeutic and prophylactic treatment of cancer. The royalty rate is a low double digit rate in territories where there is a valid patent and high single digit in territories where there is not. In addition to royalty payments there are milestones in place at the following time points:

- when regulatory approval is obtained for commencement of the Phase III trial
- when the Phase III trial is commenced
- when the Phase III trial is completed
- when regulatory approval is in place for the product to be marketed

There are also additional milestones based on follow up market approvals. Progen will also be contracted to manufacture the clinical trial material. As with all drug development projects there are no guarantees that the clinical trial will be successful or that the product will be marketed. In the event that the product is commercialised or milestones are achieved and when the impact of these are material the company will update the market at those times.

The Intellectual property owned or licensed by Progen to Medigen includes the rights to PI-88 covered in the global patent family entitled "Preparation and Use of Sulfated Oligosaccharides". It does not include any Intellectual Property relating to Progen's PG500 series compounds. The term of the agreement is 15 years from the commencement date (1st July 2010) unless terminated earlier in accordance with the agreement. If Medigen has not commenced a Phase III or Pivotal Registration Clinical Trial within 12 months of the Commencement Date, Progen may at any time thereafter immediately terminate the agreement.

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About Progen Pharmaceuticals Ltd

Progen Pharmaceuticals Limited is a biotechnology company committed to the discovery, development and commercialization of small molecule pharmaceuticals primarily for the treatment of cancer. Progen has built a focus and strength in anti-cancer drug discovery and development. Progen has operations in Australia and the United States of America.

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This 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, amongst others, 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, PG11047, PG545, PG562, PG11122, PG11144 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 Securities 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.