



Biotech Daily

Marc Sinatra's Bioguide

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PROGEN UPDATE: VERY VERY CHEAP

The past year has not been great for Progen shareholders with the company's share price rolling rapidly down a \$7 hill to yesterday's close of \$1.34.

Progen has received two significant pieces of bad news regarding its lead compound PI-88 during this time. First, the compound failed a phase II trial for lung cancer (see Biotech Daily; September 24, 2007) and, secondly, a combination study of it with the popular cancer drug Taxotere in prostate cancer patients was stopped early due to safety concerns (see Biotech Daily; February 13, 2008).

Both of these results are likely to limit PI-88's use should it eventually gain market entry for post resection liver cancer through reduced off-label use and reduced use in combination therapies that are popular in cancer treatment.

Market sentiment towards Progen was also damaged when they appeared to dress up the prostate cancer trial results as a positive efficacy result rather than the negative safety result that it really was.

Sentiment has further been damaged by an the Australian Securities and Investments Commission probe into insider trading claims in Progen's shares, although the probe seems to be focused on others.

Having said all of that, however, Progen now has a market capitalization of \$81 million, \$10 million less than their cash in the bank of \$91 million at December 31, 2007. This is for a company with a drug in phase III clinical trials.

A year ago Progen was \$5.70, there has been bad news as described above, but I still believe it is worth \$2.50 to \$3.00.

There may not be a rush to get into the stock given marketing approval for PI-88 is likely to be three and a half years away, but it is looking very, very cheap.

Progen closed up one cent or 0.75 percent to \$1.35.

Marc Sinatra's Bioguides
Email: marc@biotechdaily.com.au

www.biotechdaily.com.au