PROGEN
INDUSTRIES LIMITED

New Placement Terms Announced

Brisbane Australia, Friday October 31, 2003, Progen Industries Limited (ASX: PGL, Nasdaq: PGLAF) today announced that the terms of the placement agreement announced on September 18 have been renegotiated.

As a consequence of the Nasdaq Biotechnology Index falling greater than 10% since the date of signing of the agreement and today, the terms of the placement agreement signed with Taylor Collison Limited (Taylor Collison) on September 18 are no longer valid. Progen and Taylor Collison entered into a new unconditional agreement where 3.8 million shares were placed at $1.40 per share raising a total $5.3 million. This placement is in accordance with ASX Listing Rule 7.1 subject to shareholders ratification at today's Annual General Meeting of the Share Purchase Placement in June. The new funds will be applied to pursue a strategic growth strategy for the company that intends to build a robust pipeline of drug candidates that will support the long-term objectives of the company.

Stephen Chang, Progen's Chairman commented "This capital injection will bring our cash reserves to $15 million and with our current burn rate this will give us over 24 months of cash reserves. As we look to the future, we are determined to focus our resources on what we do best, and what holds the greatest value proposition, and that is the drug development. The success we have had so far in human clinical trials, with our lead drug candidate, PI-88, attests to our ability in the area of oncology drug development, and now it is time for us to develop a larger portfolio of future drugs to follow on after PI-88."

Progen's clinical trial program is showing great promise. The first PI-88 Phase II trial, which was in Multiple Myeloma, has been concluded with PI-88 meeting the trial efficacy endpoints. PI-88 is also yielding encouraging data as a single-agent in a Phase I solid tumor trial, where one third of cancer patients treated to date have experienced stable disease over periods up to 27 months. These data are forming an important part of the licensing package of PI-88. The out-licensing push for PI-88 is now gaining momentum and ongoing discovery and in-licensing activities will be supported by capital from the current raising.

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Keywords - Progen, Taylor Collison, cancer, PI-88, Phase I, Phase II, clinical trials, antiangiogenesis.

Web links to recent news and other information about Progen:

Bonus options offered to shareholders	www.progen.com.au/news/latest_news.cfm?item=311.0
Progen to manufacture Prima's Ph II drug	www.progen.com.au/news/latest_news.cfm?item=310.0
Progen Secures Institutional Share Placement	www.progen.com.au/news/latest_news.cfm?item=308.0
Good Financials Bolster Progen's Strategy	www.progen.com.au/news/latest_news.cfm?item=304.0
PI-88 achieves Efficacy Endpoint Phase II Trial	www.progen.com.au/news/latest_news.cfm?item=299.0
Funds received from Share Purchase Plan	www.progen.com.au/news/latest_news.cfm?item=298.0
Encouraging sector news from ASCO	www.progen.com.au/news/latest_news.cfm?item=295.0
Additional Results Support Trial Program	www.progen.com.au/news/latest_news.cfm?item=293.0
PI-88 mode of action	www.progen.com.au/researchdevelopment/pi-88.cfm
Progen Industries Ltd	www.progen.com.au

About Progen:
Progen Industries Limited is an Australian based, globally focused biotechnology company committed to the discovery, development and commercialisation of small molecule pharmaceuticals for the treatment of various diseases.

Progen's three key areas of expertise are:

- **Clinical Development** *via* a comprehensive clinical trials programme involving its two lead compounds – PI-88 and PI-166.
- **Drug discovery** projects focusing on the development of potent, selective inhibitors of carbohydrate-protein interactions, which are implicated in many disease processes.
- **Commercial Services** including the manufacture of biopharmaceutical products to world-class standards and distribution of high technology consumable products for large multinational and biotechnology clients.

Contacts:

Progen Information:
Sarah Meibusch
Business Development Manager
Progen Industries Limited
T: 61 7 3273 9100
E: Sarah.Meibusch@progen.com.au

Lewis Lee
Managing Director
Progen Industries Limited
Ph: 61 7 3273 9100