



ASX Release

AVEXA AND PROGEN MERGER UPDATE

Response to inaccurate statement by Cytopia regarding funding shortfall

Melbourne, Australia, 11 February 2009: Avexa Limited ("Avexa") (ASX: AVX) today responds to an announcement by Cytopia Limited ("Cytopia") (ASX:CYT) on 9 February 2009 which contains inaccurate statements about the funding requirements of a merged Avexa and Progen Pharmaceuticals Limited ("Progen") (ASX: PGL) (NASDAQ: PGLA) ("the merged entity").

The Cytopia announcement refers to a "\$95 million shortfall." This statement is not consistent with any of the documents or commentary released by Avexa and Progen. Therefore, any reference to a funding "shortfall" is inaccurate.

Avexa has consistently stated in all releases to date that the Merged Entity will have \$60 million in cash resources, which should be sufficient to fund the estimated \$45 million Phase III trial cost of ATC up to the week 24 data milestone. This milestone, which is expected to be reached in the second half of 2010, is a major value inflection point in the development of ATC. Associated key points to consider:

- This milestone could provide the opportunity for a New Drug Application filing in early 2011, enabling a commercial launch of ATC; and
- It could also increase the prospect of finalizing a partnership agreement, if a partnership agreement has not already been secured. Under such a partnership, Avexa expects to receive upfront and milestone payments to fund any remaining costs associated with the Phase III trial of ATC

"There is no shortfall. We are steadfast in the belief that the 24 week data milestone is the key value driver for both Avexa and Progen shareholders" said Julian Chick, PhD, Chief Executive Officer of Avexa. "We hope that shareholders will take into account the significant potential within the proposal to enhance shareholder value, and acknowledge the fact that the merger provides the runway needed to achieve this goal," he continued. "Progen's Independent Expert BDO Kendalls valued the merged entity's share price on a discounted cash flow basis between \$2.03 and \$3.18 per share, a considerable increase from current levels."

**A V E X A**

Avexa Limited
ABN 53 108 150 750
576 Swan Street Richmond
Victoria Australia 3121

Telephone 61 3 9208 4300
Facsimile 61 3 9208 4004
Website www.avexa.com.au

About Avexa

Avexa Limited is a Melbourne-based biotechnology company with a focus on discovery, development and commercialization of small molecules for the treatment of infectious diseases. Avexa has dedicated resources and funding for key projects including ATC, its HIV integrase program and an antibiotic program for antibiotic-resistant bacterial infections. The Company's lead program is apricitabine (ATC), an anti-HIV drug that has successfully completed the 48 week dosing of its Phase IIb trial and is currently in Phase III trials worldwide. www.avexa.com.au

About Progen

Progen Pharmaceuticals Limited is a globally focused 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 targets the multiple mechanisms of cancer across its three technology platforms, angiogenesis, epigenetics and cell proliferation. Progen has operations in Australia and the United States of America. www.progen-pharma.com

For more information:

Avexa
Dr. Julian Chick
Chief Executive Officer
+61 3 9208 4300

AU: Investor Relations
Sabrina Antoniou
Blueprint Life Science Group
+ 61 2 9519 5537

US: Investor Relations
Remy Bernarda
Blueprint Life Science Group
+ 1 415 375 3340 x2022

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