



**Solagran Limited**

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### **Company Announcement Upgrade to *Bioeffective<sup>®</sup> R* Manufacturing Capacity**

The Directors of Solagran are pleased to announce a number of important decisions taken in relation to upgrading the company's *Bioeffective<sup>®</sup> R* manufacturing capacity.

These decisions were the primary outcomes of a comprehensive series of production planning meetings held at the SibEX facility in Tomsk recently. They were confirmed yesterday following the return to Australia of Solagran Directors, Dr Vagif Soultanov and Mr Charles Pellegrino.

Solagran currently has a pilot facility in St Petersburg which it uses to produce *Bioeffective<sup>®</sup> R*. This facility can produce 2kg per month of *Bioeffective<sup>®</sup> R*, which translates into 500 courses of *Ropren<sup>®</sup>* per month or 6,000 courses per year. *Ropren<sup>®</sup>* is produced by the company's manufacturing partner Galenopharm at its GMP facility in St Petersburg.

The existing pilot facility has been used to manufacture all of the *Bioeffective<sup>®</sup> R* necessary to produce *Ropren<sup>®</sup>* for pre-clinical and clinical trials, as well as for the regulatory approval process. Approximately 9kg of *Bioeffective<sup>®</sup> R* was used for this purpose. The pilot facility is continuing to operate and as a result, the company now has 12kg of *Bioeffective<sup>®</sup> R* in stock.

Approval has now been given to move forward with an initial upgrade to the SibEX facility that would provide the ability to:

- Produce all of Solagran's existing *Bioeffectives<sup>®</sup>* using its patented solvent extraction technology
- Produce a range of new *Bioeffectives<sup>®</sup>* using SibEX's CO<sub>2</sub> extraction technology
- Produce up to 20kg per month of *Bioeffective<sup>®</sup> R*. This translates into 5,000 courses of *Ropren<sup>®</sup>* per month or 60,000 courses per year

This upgrade is planned to be completed in October or November 2007.

Approval has also been given to move forward with planning for the establishment of a much larger manufacturing plant in Tomsk to be built on land owned by SibEX adjacent to the existing SibEX facility. This plant will be able to produce the full range of *Bioeffectives<sup>®</sup>*, and will be of a scale sufficient to produce between 100kg and 200kg per month of *Bioeffective<sup>®</sup> R*. This translates into 25-50,000 courses of *Ropren<sup>®</sup>* per month or 300-600,000 courses per year.

This larger plant will incorporate a GMP facility capable of producing *Ropren<sup>®</sup>* if necessary.

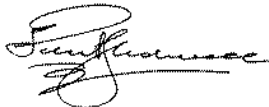
SibEX management have been tasked with the preparation of plans for this development, and for doing everything possible to ensure that the necessary approvals and planning permissions are in place by 10 January 2008.

In a meeting just prior to their departure from Moscow, Dr Soultanov and Mr Pellegrino were advised by representatives of the Russian Ministry of Health that *Ropren*<sup>®</sup> would be registered as a new pharmaceutical substance during this month. Upon registration, it will be given an official certificate and registration number under which it will be entered in the Russian Pharmacopoeia. This will give Solagran the right to market the product as a pharmaceutical substance.

As soon as *Ropren*<sup>®</sup> is registered and entered in the Russian Pharmacopoeia, Solagran can apply for a manufacturing licence. This is expected to be granted around October – at the same time that the first stage of the upgrade to the SibEX production facility is due to be completed.

While the two-stage capacity upgrade being announced today will be sufficient to meet expected demand over the next three years, Solagran is already working on plans to secure even further capacity to ensure that it is in a position to meet the higher level of demand expected beyond that timeframe. The medium-term plan is to have full scale production facilities operating in St Petersburg, Tomsk and one other location.

The Directors consider these developments to be particularly significant for the company. When fully implemented, they will position Solagran very well for the next stage of its development.



Peter Stedwell  
**Company Secretary**  
On behalf of the Board of Directors  
Solagran Limited