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Company Announcement
Trust in *Bioeffective*[®] A leads to Visit by Director of Pasteur Institute

The Directors of Solagran Limited are pleased to announce that the Director of the Pasteur Institute in St Petersburg, and Corresponding Member of the Russian Academy of Medical Sciences, Professor Anatoly Zhebrun DSc, has accepted the Board's invitation to visit Australia to discuss recently completed trials in relation to the use of *Bioeffective*[®] A in the prevention and treatment of Helicobacter Pylori infection, and at the same time establish a joint platform for ongoing scientific co-operation and clinical trials.

The opportunity will also be taken to hold meetings with local clinicians and key figures from the Australian medical establishment.

Professor Zhebrun is a world authority on infectious diseases with responsibility for Russia's disease control regime. Because of this role, any absence from Russia lasting more than four days requires written permission from the Russian Minister for Health. His decision to devote two weeks to this trip, and the Minister's preparedness to permit such a long absence, is an indication of the perceived value of the trip in the eyes of both men.

Professor Zhebrun has a particular scientific interest in H.Pylori – the bacterium associated with stomach and duodenal ulcers, and other chronic conditions of the gastrointestinal tract. The link between these conditions and H.Pylori infection was proven by the Australian scientists Barry Marshall and Robin Warren. Their discovery is greatly appreciated in Russia.

Professor Zhebrun recently published a seminal text on H.Pylori entitled "Helicobacter Pylori Infection", citing 925 related articles. In his book, Professor Zhebrun makes the point that H.Pylori is one of the most important infectious disease challenges confronting health authorities worldwide. Not only is it the primary cause of stomach and duodenal ulcers, it is also the cause of atrophic gastritis, and both cancer and lymphoma of the stomach. He also points out that:

- 13 percent of all deaths from gastrointestinal conditions are related to H.Pylori infection, and one in every 200 deaths worldwide is caused by stomach and duodenal ulcers.
- 70 out of every 100,000 people living in developed countries have a bleeding ulcer, with the cost of treatment in each case being €2,000.
- Over the past 15 years, the incidence of stomach and duodenal ulcers and related conditions has increased significantly among children up to 15 years of age in Russia.
- Gastritis related to H.Pylori does not have specific, easily identified symptoms, and this is why the link to stomach cancer is not widely recognised. But H.Pylori infection increases the risk of stomach cancer by between 6 and 18 times.

Worldwide, stomach cancer is the second most significant cause of death from cancer. World Health Organisation figures show that it caused 801,000 deaths in 1999. Professor Zhebrun argues strongly that the time for data gathering in relation to H.Pylori infection is past, and the time has now come to act.

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Under his personal supervision, the Pasteur Institute has recently completed a series of trials to investigate the ability of *Bioeffective*[®] A to inhibit the growth and the reproduction of H.Pylori. [*Bioeffective*[®] A is the name used in Russia, and within Solagran, for a substance that is listed on the Australian Register of Therapeutic Goods as Conifer Green Needle Complex.]

It is well known that H.Pylori infection is able to be treated effectively with a combination of synthetic antibiotics. However, the work undertaken by Professor Zhebrun's team from the Pasteur Institute set out to determine:

- Firstly, the extent to which *Bioeffective*[®] A could provide an effective treatment with a single natural product that exhibits none of the side effects associated with conventional antibiotic therapy; and
- Secondly, whether it might also have the potential to prevent the spread of H.Pylori – something which existing treatments simply cannot do.

H.Pylori is endemic in the population of many countries and is transmitted primarily via the oral to oral route, including through the use of non-sterile eating utensils. It is estimated that 60 percent of the world's population is infected, with up to 90 percent infected in some countries. There is also an increased incidence of H.pylori infection in children in some regions of Russia. While only a small proportion of those infected have clinic symptoms, chronic infection still progresses and can lead to serious cases of stomach ulcer or cancer many years after infection.

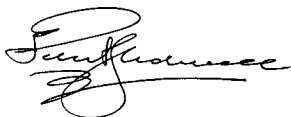
The prevalence of H.Pylori infection creates a real risk of re-infection for those that have been treated with antibiotics. That is why measures to prevent infection and re-infection are so important. Finding a way to prevent the spread of infection, as well as to treat infection without the unpleasant side effects associated with existing treatments, would constitute a clinical and epidemiological breakthrough of enormous magnitude. The commercial consequences of such a breakthrough would be equally enormous.

Academician Zhebrun and his wife, Natalia Roshchina DSc (an eminent bio-physicist and immuno-chemist) will be in Australia for twelve days from August 23. Solagran is pleased to be associated with the Pasteur Institute, and it is honoured that Professor Zhebrun and Dr Roshchina have agreed to travel to Australia at this time.

The Board believes that ongoing scientific co-operation between Solagran and the Pasteur Institute, focussed on the prevention and treatment of infectious diseases, could lead to significant benefits for both organisations.

Research conducted by Professor Zhebrun's team, combined with work done by Professor Vladimir Bepalov at the N.N. Petrov Institute of Oncology, has shown that *Bioeffective*[®] A offers the potential to be used alone, or in combination with other therapies, to prevent and treat both H.Pyori infection and the many diseases related to H.Pylori. Studies undertaken at other leading Russian research institutions have also demonstrated the potential of a number of different *Bioeffectives*[®] to be used to prevent and treat many infectious diseases. This potential ranges from the ability of *Bioeffective*[®] R to enhance the body's immune response when confronted by viral pathogens, to the potential of *Bioeffective*[®] N to be used to eliminate most forms of the Herpes virus. It also includes the ability of *Bioeffective*[®] A to inhibit the growth and reproduction of a broad spectrum of pathogenic micro-organisms, especially gram positive bacteria and including Methicillin-resistant Staphylococcus aureus (MRSA) and other strains of Methicillin resistant bacteria, which was first identified by scientists from the I.I. Mechnikov State Medical Academy in St Petersburg in 2006.

The Board of Solagran, and Professor Zhebrun, all believe that there is very real potential for Solagran and the Pasteur Institute to work together in a way that can lead to significant benefits for mankind – and for the people of Australia and Russia in particular.

A handwritten signature in black ink, appearing to read 'Peter Stedwell', with a stylized flourish underneath.

Peter Stedwell

Company Secretary

On behalf of the Board of Directors
Solagran Limited

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