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**Solagran Limited**



27 March, 2008

# Company Announcement
## Report on Opening of Tomsk Production Facility

The Directors of Solagran are pleased to announce the formal opening of the SibEX production facility in Tomsk in south western Siberia. SibEX is now an 85 percent owned subsidiary of Solagran Limited.

The facility was opened on Thursday 20 March 2008, by the Governor of the Tomsk Region, Mr Victor Kress. Also in attendance at the opening ceremony were the Deputy Governor Mrs Oksana Kozlovskaya and the Chairman of the Tomsk Regional Duma, Mr Boris Maltsev, together with many other dignitaries.

The event generated significant interest within the Tomsk Region, and was the subject of a great deal of coverage and discussion in the mass media.

Participants in the opening ceremony spoke of the significance of the SibEX plant as the world's first commercial production facility for the isolation of plant polyprenols at purity levels acceptable for use in prescription medicines. Speakers congratulated all those involved in the project, including the engineers and designers, the construction contractors and all those involved in the development and construction process. They also acknowledged the importance of the plant, not only for the economic and social wellbeing of the Tomsk Region, but also for Russia generally as well as for the wider international community.

Polyprenols are perhaps the most interesting and valuable new class of pharmaceutical substance developed over the past 30-35 years, and have been the subject of a great many articles in scientific journals, particularly in Russia and Japan.

Polyprenols are long chain isoprenoid alcohols which play a key role in cell metabolism. They are known to be effective in dealing with a range of conditions (hepatitis, multiple sclerosis, Alzheimer's disease and conditions associated with chronic alcoholism) for which there are no satisfactory existing treatments. They have also been proven to have very low side effects. They are extremely powerful as liver protectors.

Far too complex to synthesise, until now polyprenols have only been available to researchers in analytical quantities (µg and mg units) and at levels of purity well below that required for pharmaceutical production. Solagran's internationally patented technology now permits production of high purity polyprenols in commercial quantities.

*Bioeffective® R*, the active ingredient in the prescription medicine *Ropren®* which regulators released for sale in Russia last week, comprises a very specific combination of polyprenols.

As part of the proceedings last Thursday, those present had an opportunity to become acquainted with a number of stages of the production process. Dr Vladimir Karpitsky, the

chief technologist at SibEX, demonstrated the final step in the polyprenols production process.

In the plant, pine needles go through ten separate technological processes. All production equipment in the facility is non standard in nature and was designed and built specifically for this plant by the Siberian Chemical Production Plant.

During the opening ceremony, representatives of the Tomsk Regional Government again emphasised the importance of having a biotechnology company with world leading technology focusing its production activities in their region – particularly when that technology was already commercialised. They also once again made it very clear that Solagran would have their full and unqualified support in establishing a much larger GMP certified facility within the Tomsk Special Economic Zone.

In opening the plant, Mr Kress said "It is a doubly pleasurable for me to see this production being done using accumulated knowledge, Solagran technology which has been brought to life in Tomsk, and using the endless supply of raw materials available in this region." The Deputy Governor Mrs Kozlovskaya added that "the opening of this plant inaugurates the creation of the biotechnological complex in the Tomsk Region. The nanotechnological concepts and ideas that Solagran is planning to realise in the Special Economic Zone are really pioneering ones."

As planned, Governor Kress and Solagran Director Charles Pellegrino signed a special co-operation agreement between Solagran and the Tomsk Regional Government, the intention of which was outlined in an announcement to the market on 13 March 2008.

The Board would like to acknowledge publicly the very significant efforts of the team at SibEX led by Alexander Kurganov for their enormous effort over the last 12 months in bringing this facility to life.

More details in relation to the Russian media coverage of the opening will be released at a later date.

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

The Tomsk Production Facility


Mr Boris Maltsev, Chairman of the Tomsk Regional Duma, and Mr Victor Kress, Governor of Tomsk, Mr Alexander Kurganov, General Director of SibEX and Charles Pellegrino, Executive Director of Solagran, opening the new production facility

Alexander Kurganov describing the operation of the commercial scale chromatography columns, the tops of which can be seen behind him

Alexander Kurganov showing Mr Kress and Mr Maltzev the input to the production process – conifer needles which exist in abundance throughout the Tomsk Region

Elements of the Solvent Extraction line

Dr Vladimir Karpitsky demonstrating the final stage of polyprenols production with a laboratory scale chromatography column

Polyprenols produced using Solagran's internationally patented technology

Mr Charles Pellegrino and Mr Victor Kress signing a special co-operation agreement between Solagran and the Tomsk Regional Government

Dr Vladimir Karpitsky, Mr Arif Djafarov (Solagran's Project Co-ordinator), Mr Alexander Raspopine (Vice Rector of the St Petersburg Forest Technical Academy), Mr Alexander Kurganov, Ms Natalia Arshavskaya (Marketing Director of SibEX), Professor Victor Roschin and Mr Charles Pellegrino

## Text of Charles Pellegrino's Speech at the Opening Ceremony

Governor and Deputy Governor of the Tomsk Oblast, Duma Chairman Mr Maltsev, distinguished guests, ladies and gentlemen.

It is with great pride and real anticipation that I welcome you here today on behalf of the Board of Directors of Solagran Limited.

Today's events constitute a truly momentous occasion – not only for our company, but also for the people of Tomsk and for the wider Russian and international communities.

To properly capture the significance of this event, I need to draw on a little history.

The technology contained in this factory has very deep roots in the Russian scientific community. More than 75 years ago, Professor Fyodor Solodky and Dr Asney Agranat, two quite extraordinary scientists working at the St Petersburg Forest Technical Academy, commenced a research program aimed at isolating and extracting the live elements of tree foliage.

To initiate a scientific endeavour aimed at creating a family of valuable and beneficial substances from what was previously considered to be waste material was an undertaking that was well ahead of its time.

The technology in this factory takes what most countries in the world discard as waste from forestry production, and extracts a whole family of *Bioeffectives®* – natural, multifaceted biologically effective substances with a wide range of applications in medicine, in pharmaceuticals, in cosmetics, in animal husbandry and in the food industry. When the extraction process is completed, the residue can be used as a mineral rich organic fertilizer.

We owe a great deal to the work of Solodky and Agranat, and to the three generations of scientists who followed in their footsteps. While Solodky and Agranat made the initial breakthroughs, it was those who came later that enabled the technology that we see here today to be developed.

Today, we have with us Professor Victor Roschin who now leads the research effort and has taken Forest Biochemistry to a whole new level. It was Victor who first developed the means to isolate and obtain polyprenols, and after whom the pharmaceutical *Ropren®* draws its name.

Many will benefit from the existence of this facility. Those who work in the company will benefit. So will those who use and receive *Bioeffectives®* as medicine. The community will also benefit – both directly and indirectly. This includes the students who will learn about the science contained in this facility, and help to develop it further, as well as the local economy from wages earned and taxes paid.

Before asking Governor Kress to officially open the plant, I would like to express my gratitude to him, to the Deputy Governor Mrs Kozlovskaya, and to their respective department heads, particularly Mr Trubitsyn, the Head of the Department of Economic Development, for their wonderful assistance and encouragement in attracting our company to this very special part of Russia.

This project could not have been able to have been completed successfully without the assistance of the Regional Government. We are confident that we will meet your expectations of the potential of this enterprise to bring real benefit to the Tomsk Region.

On behalf of the Directors of Solagran, I would like to express my sincere thanks to Alexander Kurganov, Natalya Arshavskaya, Dr. Vladimir Karpitsky, Nelya Shekhova and the

entire team at SibEX, who have worked tirelessly over the past 12 months to make this project a reality.

I wish to thank our Solagran representative, Arif Djafarov, who despite having only joined the company quite recently, has made an enormous contribution during the crucial final stages of the construction process.

I also want to make special mention today of our Executive Chairman Dr Vagif Soultanov, and Professor Victor Roschin. These two men have dedicated their lives to the development of the science of Forest Biochemistry from both a chemical technology perspective and a medical application perspective. Together, they have guided the development of this science from the laboratory to what we have here today – a multi-faceted facility that contains the world's first commercial scale production line for the extraction of plant polyprenols for use in pharmaceuticals.

They did not do this alone. There were many others who helped along the way, including Professor Vladimir Onegin, the former Rector of the St Petersburg Forest Technical Academy whose assistance in the early days of Solagran was invaluable; Professor Valentin Elkin, the Dean of the Faculty of Chemical Technology at the Academy, whose support for the work that Victor has been doing has been ever present; and Mr Alexander Raspopin, the Vice Rector of the Academy, who has really been Solagran's main representative in Russia for many years closely assisted by Mr. Valery Chufarin.

It is important to again mention particularly Dr Vladimir Karpitsky, our main technologist, together with Alexi Malashev and Yuri Poluektev, who have each played a crucial role in getting us to where we are today. Our thanks go to you and to all your colleagues.

This production facility is a testament to Solagran's commitment to the health and wellbeing of the city of Tomsk, the Russian nation and the international community. It is also testament to Solagran's ongoing commitment to Russian science, and its preparedness to participate fully in the education of the student population of Tomsk.

The time has now come to turn our philosophy into practice.

I invite the Governor and Deputy Governor to honour us by officially opening of this facility.