



Solagran Limited

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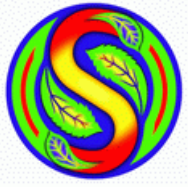
3 April 2008

Company Announcement
Letter to Shareholders from Executive Chairman

The Directors of Solagran Limited are pleased to release the following letter to Shareholders from the Chairman of Solagran, Dr. Vagif Soultanov.

Peter Stedwell
Company Secretary
On behalf of the Board of Directors
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Dear Shareholders,

I am writing to you today to clarify the situation in relation to Solamind's shareholding in Solagran, which as you know, is in dispute with the ANZ Banking Group as a result of the situation that has arisen with Opes Prime Stockbroking.

As many of you know, Solamind was the foundation for Solagran and remains very important to Solagran. It is a company with 16 shareholders, 11 of whom are from Russia. They include most of the key scientists responsible for what Solagran has today, and upon whom Solagran relies on for its ongoing technological development, production and creation of intellectual property.

For nearly 4 years after it listed, Solamind held its shares in escrow to signal that it had no intention of ever selling its shares. They were released from voluntary escrow in early 2007. At that time, Solamind made clear its intention to increase the size of its holding "in the best interest of Solagran" (ASX Announcement dated 7 March 2007). Over the subsequent 9 months, it purchased a further stake of approximately 4 million shares. These purchases were funded with a debt facility secured by Solamind's existing holding.

I can assure you, both as the Chairman of Solagran and as a Director of Solamind, that in my opinion, Solamind has done nothing wrong. It was never subject to a margin call. It is simply one of the many victims of the collapse of Opes Prime.

There is a large number of shares involved, and our legal advice is that the claim to title of Solamind's holding of Solagran shares by the ANZ Banking Group Limited is open to dispute.

Both Solagran and Solamind are taking the best possible legal advice in this matter and believe we have a number of alternative courses of action available to us to resolve it in a manner that will protect the interests of all shareholders. We are already taking very specific action on a number of fronts.

I would like to personally assure you that any action taken by either Solagran or Solamind in this matter will be done with the interests of all shareholders in mind – be they big or small.

In the meantime, the company is progressing very well in a number of areas. The last quarter's sales of *Bioeffective*[®] A are up 83 percent on the December quarter, and as you already know, our first commercial production facility is completed in Tomsk and is now in the process of making the first commercial quantity of *Bioeffective*[®] R.

At the same time, I am delighted to welcome Dr Victoria Gorbacheva to the Solagran team. She is a most impressive individual who will add great value to the company and is in a position to very quickly assemble an effective Russian sales and marketing team.

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In conclusion I want to repeat my assurance to all shareholders that the Board is working very actively and strongly to protect the interests of all Solagran stakeholders. We believe we have the resources to deal with the current situation.

Yours faithfully,



Vagif Soultanov PhD, DSc (Hon)
Executive Chairman

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