



Solagran Limited

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Company Announcement Comment on Press Articles

The Directors of Solagran Limited (“the Company” or “Solagran”) advise the market of the position of the Company and its Directors in regard to recent published public comments.

On Saturday 5 April, 2008 The Age published an article (Business Day Section page 1) headed “Search for Khouri smoking gun is on” (“the First Article”). This article relates to a Melbourne businessman Mr Leo Khouri and was written by Mark Hawthorne.

The Age and Mark Hawthorne state implicitly or by inference that Solagran is a “Khouri company..... due to the size of his shareholdings and the influence he seems to have on Management”.

Such a statement could be confusing to the market. It is not consistent with an article published by The Age on 3 April, 2008 and also written by Mark Hawthorne (Business Day section page 4 continued from page 1) (“the Second article”).

The Second article states “a private company called Solamind – it effectively controls Solagran and holds shares owned by executive chairman and principal founder Vagif Sulttanov”.

In regard to the size and effect of Mr Khouri’s shareholdings:

The Directors are not aware of the exact number of securities Mr Khouri holds, as his holdings are part of a larger holding transferred to a separate Share Registry Account controlled by ANZ Nominees Limited apparently on behalf of ANZ Banking Group Limited as result of the Opes Prime position.

However the Directors can state that Mr Khouri’s holdings are definitely significantly less than the holdings declared by the Directors as both direct and indirect holdings in the Annual Report and other relevant ASX documents.

Mr Khouri is not a related party of Solagran nor is he a related party of any of the Directors of Solagran and no ASX announcement has ever been released by Solagran referring to Mr Khouri as a related party.

The Age published a further article on the same day as the First article (Saturday 5 April 2008) written by another journalist (Ari Sharp) on Business Day Section page 6 entitled “Solagran feels pain from Opes” (“the Third article”). In regard to Solagran this article discusses that the related party holdings “exposed to Opes Prime.....constitutes about 35% of the company’s issued shares”.

The Third article makes no mention of Mr Khouri in its discussion about significant shareholdings nor does it refer to Mr Khouri at all. There is also no reference in the Third article to the related party holdings not exposed to Opes Prime, a number which the Board considers significant given the Opes Prime situation.

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The Third article is inaccurate when it implies that the shares held by the three related parties and exposed to Opes Prime were “held by Solamind”. Solagran has disclosed on many occasions that Dr Vagif Soultanov and Mr Denis Kilroy are the related parties of Solamind.

The Directors advise market participants that they should not rely on the statement, implied, inferred or otherwise, made by Mark Hawthorne and published in the First article by The Age that Mr Leo Khouri holds or ever held a shareholding in Solagran that would enable him, or would have enabled him, to exercise any form of control over the Company, its Board of Directors or its policies.

In regard to Mr Khouri’s influence on management:

The Directors advise the market that Mr Khouri has never attended a Board Meeting of Solagran, has never attended one of the regular management meetings documented by the Company and has had no influence on the strategic policies of the Company.

The Directors were aware of Mr Khouri’s position as a shareholder of BioProspect Limited during their analysis of that company.

Reasons for the Board decision to enter into an agreement with BioProspect were disclosed to the market by way of ASX Announcements and the Board still considers this strategy as necessary for entry by Solagran into the agricultural and animal health markets.

The Directors advise market participants that they should not rely on the statement, implied, inferred or otherwise, made by Mark Hawthorne and published in the First article by The Age that Mr Leo Khouri holds or ever held any influence over the management in Solagran that would enable him, or would have enabled him, to exercise any form of control over the Company, its Board of Directors or its policies.

Legal Action:

In an ASX announcement on 18 February, 2008 the Directors advised the market that it had instructed Lawyers to commence legal proceedings in regard to an article published by The Age on 15 February, 2008. This action is ongoing.

The Company has sought further legal advice in regard to the First, Second and Third articles mentioned above and published by The Age. This advice will relate to the legal position of the Company and each of its Directors individually. All costs of legal advice and any resulting legal actions will be met by the Company.

Clarification of the Second article:

The Second article could be construed as meaning that Dr Vagif Soultanov was the only shareholder in Solamind.

An ASX Announcement by Solagran on 3 April, 2008 stated “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

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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”.

Dr Soultanov is a director and one of 16 shareholders of Solamind.

For the record, Mr Leo Khouri is neither a related party nor a shareholder of Solamind.

Clarification of the Third Article:

In order to correct any uncertainty that may result from the inaccuracy in the Third article referred to above, the Directors provide the following information in regard to related party holdings lodged with Opes Prime (ASX Announcement 4 April, 2008):

Solamind Pty Ltd (Dr V Soultanov and Mr D Kilroy as related parties) had lodged 38,393,588 ordinary shares and 65,000 contributing shares with Opes Prime.

Companies and individuals associated with Mr Charles Pellegrino had lodged 3,406,761 ordinary shares and 4,907,090 contributing shares with Opes Prime.

No other Director or related party had lodged shares with Opes Prime.

The total shares held by related parties to the Directors and lodged with Opes Prime is 41,800,349 ordinary shares and 4,972,090 contributing shares (as per the ASX Announcement 4 April, 2008).

Summary of Board Position

The Board wishes to thank the many Solagran shareholders who have emailed or otherwise contacted the Company with expressions of support.

Regardless of the outcome of the events surrounding the collapse of Opes Prime, the Board will continue to implement its current policies with the more than adequate support of related party holdings combined with currently expressed shareholder support.

The Directors also confirm that they and all parties associated with Solamind will be exercising their unlisted options prior to the expiry date of 30 April 2008.

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

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

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