



Solagran Limited

Solagran Limited
ACN 002 592 396
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30 June, 2008

Company Announcement Appendix 3B and Market Update

The Directors are pleased to release the following announcement.

Settlement of Account through Issue of Shares

At 30 June, 2008 the Solagran Audited accounts would have included an amount of \$2,430,000 owing to Solana Co.Ltd. (OOO "Solana"), a company that has been supplying Solagran with raw materials and finished goods since 2003.

At 30 June, 2007 the amount of \$1,734,204 for Trade and Other Payables was included in the Balance Sheet and this included the amount owing to Solana.

Solana operates a production facility which is connected to the St. Petersburg Forest Technical Academy. The output from that facility has been used by Solagran in the processing and manufacture of finished goods to be sold or used in trials. This includes the *Bioeffective*[®] R capsules used in the Swinburne University trials that were manufactured in Australia using raw materials purchased from Solana.

The Directors wish to reduce amounts owing to external creditors and have resolved to settle the Solana account of \$2,430,000 with the issue of 9,000,000 shares at \$0.27 per share.

Solana is a non-related party to Solagran and also to Solamind Pty Ltd.

As part the agreement reached for the settlement of this account, Solagran will assist in the refurbishment and upgrading of the production facility at Lisino near St Petersburg. It will then have exclusive perpetual access to that facility.

The Lisino facility will be used primarily to manufacture *Bioeffective*[®] V, the essential input into the *Bioeffective*[®] R production process. This will be of significant benefit to Solagran as it builds towards a production of 40 kilograms of *Bioeffective*[®] R per month from its facility in Tomsk.

The Appendix 3B to cover the issue of shares is attached.

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Activities in Russia

Solagran's Executive Chairman Dr Vagif Soultanov has been in Russia since mid May and will return to Melbourne on July 7. He is expected to return to the offices of Solagran on July 11. His trip has focussed on five main activities:

- Participation in an international infectious diseases conference co-ordinated by The Pasteur Institute. Dr Soultanov and associates presented a total of eight papers related to the use of *Bioeffective*[®] A and *Bioeffective*[®] R (*Ropren*[®]) in combating a range viral, bacterial, fungal and protozoan pathogens – including the results of studies conducted in conjunction with The Pasteur Institute
- Supervision of the commencement of commercial scale production of polyprenols from the Tomsk production facility
- Securing access to additional production facilities, including final stage negotiations in relation to Solagran's application for participation in the Tomsk Special Economic Zone
- Activating Solagran's sales and marketing function under Dr Victoria Gorbacheva, including final stage negotiations in relation to *Ropren*[®] pricing in Russia
- Securing the ongoing services of key scientists whose holdings in the company are in dispute following the collapse of Opes Prime Stockbroking Limited.

Solagran expects to provide an update to the market on each of these matters after Dr Soultanov returns to the office.

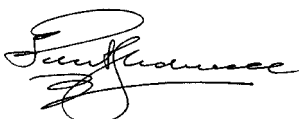
Ongoing Involvement of Key Scientists

The Board is keenly aware of the importance to Solagran of the ongoing involvement of key scientists and certain other founders whose shareholding in the company (held in Solamind Pty Ltd) is in dispute with ANZ Bank following the collapse of Opes Prime Stockbroking Limited.

The involvement of the key scientists is particularly important over the next three years.

The Board has been working to devise a path forward that is both acceptable to all parties and has sufficient flexibility to accommodate a range of positive outcomes in regard to the disputed shareholding.

Further details will be provided to the market in due course.



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

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

Solagran Limited

ABN

48 002 592 396

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---------------------------|
| 1 | +Class of +securities issued or to be issued | Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 9,000,000 Ordinary Shares |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | N/A |

+ See chapter 19 for defined terms.

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Appendix 3B
New issue announcement

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<p>4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes</p>							
<p>5 Issue price or consideration</p>	<p>\$0.27 per share</p>							
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Share based payment of outstanding account of \$2,430,000.</p>							
<p>7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates</p>	<p>30 June, 2008</p>							
<p>8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th>Number</th> </tr> </thead> <tbody> <tr> <td>46,890,002</td> </tr> <tr> <td>171,197,786</td> </tr> </tbody> </table>	Number	46,890,002	171,197,786	<table border="1"> <thead> <tr> <th>⁺Class</th> </tr> </thead> <tbody> <tr> <td>Contributing Shares</td> </tr> <tr> <td>Ordinary Shares</td> </tr> </tbody> </table>	⁺ Class	Contributing Shares	Ordinary Shares
Number								
46,890,002								
171,197,786								
⁺ Class								
Contributing Shares								
Ordinary Shares								

+ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	Nil
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the +securities will be offered	N/A
14	+Class of +securities to which the offer relates	N/A
15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	N/A
19	Closing date for receipt of acceptances or renunciations	N/A

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New issue announcement

20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

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32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)?

33 ⁺Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional ⁺securities

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New issue announcement

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought					
39	Class of +securities for which quotation is sought					
40	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>					
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 60px;"></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

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- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Date: 30 June, 2008

(Director/Company Secretary)

Print name: Peter Stedwell

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