Facsimile

SOLBEC PHARMACEUTICALS LTD
ACN 061 289 218
ABN 85 061 289 218

To:	ASX	**From:**	Michael Ruane
Attn:	ASX Announcements	**Pages:**	6
Fax:	1300 300 021	**Date:**	Friday, 31 January 2003
Re:	SBP Quarterly Report	**CC:**	

☐ **Urgent** ☐ **For Review** ☐ **Please Comment** ☐ **Please Reply**

• **Comments:**

Please find attached Solbec Pharmaceuticals December 2002 Quarterly Report.

Yours faithfully

Michael

MICHAEL RUANE
Director

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Quarterly Report For The Period Ended 31 December 2002

SOLBEC PHARMACEUTICALS LTD
ACN 061 289 218
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CORPORATE ACTIVITIES

On 06 December 2002 a conditional proportional takeover offer for fully paid shares in Jetset Travelworld Ltd (JET) was lodged by Sintack Pty Ltd. The offer by Sintack was for the purchase of 60% of JET shares on issue at 06/12/02 not already owned by Sintack. The bid price is $0.25 per fully paid share. Solbec holds 3,731,657 shares in JET. The offer is open for acceptance until Friday, 14 February 2003, unless withdrawn or extended by Sintack. In documents released by Jetset on 23 January 2003, Solbec had advised JET that it intended to accept the offer should it become unconditional.

PHARMACEUTICAL DEVELOPMENTS

Development of the Company's anti cancer (SBP002) and hormone replacement (Andro-Feme®, Andromen®) therapeutics progressed well during the December quarter.

SBP002

Preclinical animal trials for SBP002 being conducted in Canada as a precursor to human trials were completed in December 2002. Reports covering the work are in preparation and are expected to be released to the Company shortly.

In anticipation of release of the pre-clinical data, discussions with clinical groups interested in undertaking our SBP002 Clinical Studies in Australia have commenced. Documentation in respect of these trials is currently being prepared for submission to the clinical groups and for ethics committee approvals.

The process for laboratory scale production of SBP002 is now finely tuned and the first large scale batch has been produced. Portion of this batch has been dispatched to Radpharm Scientific, an approved GMP facility, for sterile packaging in preparation for use in our Phase I clinical trials.

During the quarter, the dedication and hard-work that the pharmaceutical team has put into the implementation of the quality system has been recognised and rewarded with the achievement of NATA accredited ISO 9001 certification. This is an internationally recognised standard developed to help businesses achieve total customer satisfaction and focus on the processes and procedures undertaken by the company to ensure both consistency of approach and quality product. Solbec are among only a select few biotechnology companies that have achieved this certification, which will form the basis of further accreditation to both TGA and FDA standards.

An interesting aspect of SBP002 development surfaced recently in work carried out by the UWA Department of Medicine at the QEII Medical Centre in Perth, WA. The experimental work undertaken has indicated that SBP002 was effective against the 5 mesothelioma cell lines tested. The study also suggests that SBP002 may be more effective than other compounds tested (such as Gemcitabine and Docetaxel). Our Clinical Studies should confirm this. The study also provided further indications of the mode of action of SBP002. This work forms the basis of a patent application and will be reported at a later date.

Development of the Company's Baldivis growout facility continued during the quarter. Preliminary clearing, workshop construction and bore facilities have been completed. Irrigation layout will commence next quarter with seedlings being planted out as the irrigation network expands. In the meantime, fruit for SBP002 preparation is being sourced from the Company's Oakford facility where the plantings continue to grow well.

Andro-Feme®

During the period, the Company completed a pivotal study with joint venture partner Lawley Pharmaceuticals product Andro-Feme®. Andro-Feme® is the Lawley topical testosterone cream designed for use in women.

The Study, undertaken at The Royal Hospital for Women, Sydney, by Associate Professor John Eden, has shown that in surgically menopausal women sexual response is markedly increased with Andro-Feme® when compared to placebo cream. In light of this data, the decision has been made to temporarily suspend the Andro-Feme® file from assessment in Australia in order to update the application to include the data from this study. It is envisaged that the file will be resubmitted second quarter 2003.

MINERAL PROJECTS

Divestment of the Company's mineral prospects and projects continued during the quarter. The Kookynie (gold) tenements were sold in December 2002 to unrelated party for a cash payment (ca $14,000 in total). Negotiations for sale of the Jervois base metal project were not satisfactorily concluded in the previous quarter as expected. A number of alternative disposal scenarios are currently being reviewed.

For and on behalf of the Board of Directors.

MICHAEL RUANE

Rule 4.7B

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000.

Name of entity

SOLBEC PHARMACEUTICALS LTD

ABN	Quarter ended ("current quarter")
85 061 289 218	**31 December 2002**

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from customers	1	1
1.2	Payments for (a) staff costs	(76)	(160)
	(b) advertising and marketing	0	0
	(c) research and development	(140)	(518)
	(d) leased assets	0	0
	(e) other working capital	(124)	(220)
1.3	Dividends received	0	0
1.4	Interest and other items of a similar nature received	17	41
1.5	Interest and other costs of finance paid	0	0
1.6	Administration and other	13	23
1.7	Other (provide details if material) GST and other	(7)	(11)
1.7a	Exploration	(20)	(34)
	Net operating cash flows	**(336)**	**(878)**
1.8	Net operating cash flows (carried forward)	(336)	(878)
	Cash flows related to investing activities		
1.9	Payment for acquisition of: (a) businesses (item 5)	0	0
	(b) equity investments	0	0
	(c) intellectual property	(3)	(3)
	(d) physical non-current assets	(6)	(256)
	(e) other non-current assets	0	(12)
1.10	Proceeds from disposal of: (a) businesses (item 5)	0	0
	(b) equity investments	53	53
	(c) intellectual property	0	0
	(d) physical non-current assets	124	124
	(e) other non-current assets	0	0
1.11	Loans to other entities	(117)	(234)
1.12	Loans repaid by other entities	0	0
1.13	Other (provide details if material)	0	0
	Net investing cash flows	**51**	**(328)**
1.14	**Total operating and investing cash flows**	**(285)**	**(1,206)**

+ See chapter 19 for defined terms.

		Current quarter $A'000	Year to date (6 months) $A'000
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	0	0
1.16	Proceeds from sale of forfeited shares	0	0
1.17	Proceeds from borrowings	0	0
1.18	Repayment of borrowings	0	0
1.19	Dividends paid	0	0
1.20	Other (provide details if material)	0	0
	Net financing cash flows	**0**	**0**
	Net increase (decrease) in cash held	(285)	(1,206)
1.21	Cash at beginning of quarter/year to date	1,594	2,515
1.22	Exchange rate adjustments to item 1.20	0	0
1.23	**Cash at end of quarter**	**1,309**	**1,309**

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	49
1.25	Aggregate amount of loans to the parties included in item 1.11	0

1.26 Explanation necessary for an understanding of the transactions

Consulting fees paid at market rates and directors fees.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	0	0
3.2	Credit standby arrangements	0	0

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	163	63
4.2	Deposits at call	1,146	1,531
4.3	Bank overdraft	0	0
4.4	Other (provide details)	0	0
	Total: cash at end of quarter (item 1.22)	**1,309**	**1,594**

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity		
5.2	Place of incorporation or registration		
5.3	Consideration for acquisition or disposal		
5.4	Total net assets		
5.5	Nature of business		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: 14 January 2003
Company Secretary

Print name: John Sendziuk

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