SOLBEC
PHARMACEUTICALS LTD

11 June 2003

Dear Shareholders

Accompanying this letter is a Notice of Meeting of the Company to be held 16 July 2003, at the Celtic Club in West Perth, together with an Investors' Overview.

The General Meeting is principally for the purpose of approving an offer of options to all shareholders and holders of the listed options that are due to expire 30 June 2003.

The Options Issue will provide additional working capital for Solbec but will also provide share and option holders the opportunity to benefit from what we believe will be an increasing share price of the Company particularly as we move into further pharmaceutical test trials.

The Board has been appreciative of the support of share and option holders and fully recommend not only all shareholders approve the relevant resolution but that all share and option holders take up their respective entitlements.

The Board recognises that the expectations of some as to the timing of the Phase 1 clinical trials of SBPOO2 may not have been met. I can assure all however that our focus is squarely on commencing these trials and as I write Solbec's papers are before the relevant Ethics Committee for approval. Upon approval the trials will be immediately commenced.

Given the recent changes within Solbec the Board is extremely enthusiastic about the potential of all current pharmaceutical projects and the future of the company.

The Investors Overview is comprehensive and designed to keep security holders fully up to date with the Company's progress. Over the next few months we expect to see several positive developments within the Solbec project portfolio that should enhance shareholder value. These will be conveyed to shareholders and the market via more ASX releases as they come to fruition.

Please do not hesitate to contact Steve Carter, Solbec's Managing Director, for any further information.

The Prospectus offering the Options will be sent out shortly.

Kind regards

Tony Kiernan
Chairman

SOLBEC
PHARMACEUTICALS LTD
ABN 85 061 289 218

NOTICE OF GENERAL MEETING
EXPLANATORY STATEMENT
PROXY FORM

For a meeting to be held on Wednesday, 16 July 2003, 10.00am (Perth Time)
At
The Celtic Club
48 Ord Street
West Perth, Western Australia

This is an important document. Please read it carefully. If there is any matter that you do not understand, you should contact your financial adviser, stockbroker or solicitor.

INSTRUCTIONS TO SHAREHOLDERS

Venue

A General Meeting of the shareholders of Solbec Pharmaceuticals Ltd will be held at:

The Celtic Club
42 Ord Street
West Perth WA 6005

Commencing at
10.00 am (Perth Time)
on Wednesday, 16 July 2002

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 10.00am.

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this notice as soon as possible and either:

- return the proxy form by post to Solbec Pharmaceuticals Ltd, C/- PO Box 2142, Churchlands, Western Australia, 6018; or

- send the proxy by facsimile to the Company on facsimile number (08) 9446 8777 (International: +618 9446 8777),

so that it is received not later than 10:00am (Perth Time) on Monday, 14 July 2003.

Your proxy form is enclosed.

Enquiries

The Company welcomes enquiries in respect of matters covered in this Notice of Meeting and Explanatory Memorandum and attendance of shareholders at the Annual General Meeting proposed. Should you require further information please contact:

Stephen Carter
PH: (08) 9446 7555
FX: (08) 9446 8777

Notice is given that a General Meeting of shareholders of Solbec Pharmaceuticals Ltd (**Company**) will be held at The Celtic Club, 42 Ord Street, West Perth, Western Australia at 10.00am (Perth Time) on Wednesday, 16 July 2003.

AGENDA

BUSINESS

ORDINARY BUSINESS

RESOLUTION 1 – APPROVAL FOR PRO RATA OPTIONS ISSUE

To consider and if thought fit, to pass the following as an ordinary resolution:

> *"That for the purposes of Listing Rule 7.1 and for all other purposes, the Company hereby approves and authorises the issue of up to 157,767,385 Options. The issue is to be made on a pro rata basis to holders of ordinary Shares and Existing Listed Options at a price of 0.5 cents per Option, on such terms and conditions as set out in section 1 of the attached Explanatory Memorandum, such Options to be issued not later than three (3) months after the date of this meeting."*

Exercise Price: Each Option will entitle the holder to subscribe for one share, exercisable at:

- 12 cents within 12 months of the date of issue of the Options;
- 20 cents within 24 months of the date of issue of the Options; or
- 30 cents within 36 months of the date of issue of the Options

No. Options: up to 157,767,385 Options.

Terms and Conditions of the Options: As set out in the attached Explanatory Memorandum.

Purpose of Issue: The purpose of the Offer is to:

(a) provide additional funds for the Company to meet its ongoing clinical development costs; and

(b) for working capital purposes.

RESOLUTION 2 ~ ELECTION OF MR ANTHONY KIERNAN AS A DIRECTOR

To consider and if thought fit, to pass the following resolution as an **ordinary** resolution:

> *"That Mr Anthony Kiernan, having been appointed as a director by resolution of the Board of Directors and having consented to act, be, and is hereby elected as a director."*

RESOLUTION 3 ~ ELECTION OF MR MICHAEL GRANT AS A DIRECTOR

To consider and if thought fit, to pass the following resolution as an **ordinary** resolution:

> *"That Mr Michael Grant, having been appointed as a director by resolution of the Board of Directors and having consented to act, be, and is hereby elected as a director."*

The Explanatory Statement which accompanies and forms part of this Notice describes the matters to be considered at this General Meeting.

Dates this 13th day of June 2003
BY ORDER OF THE BOARD

STEPHEN CARTER
Managing Director

SOLBEC PHARMACEUTICALS LTD
ACN 061 289 218

PROXY FORM

The Share Registrar
SOLBEC PHARMACEUTICALS LTD
PO Box 2142
Churchlands WA 6018

Facsimile: (+61) 8 9446 8777

I/We (name of shareholder) ....
of (address) ....
being a member/members of Solbec Pharmaceuticals Ltd hereby appoint ....
(name) ....
of (address) ....
and/or failing that person (name) ....
of (address) ....
or failing that person then the Chairperson of the Meeting as my/our proxy to vote for me/us and on my/our behalf at a General Meeting of the Company to be held at The Celtic Club, 42 Ord Street, West Perth on Wednesday, 16 July 2003 at 10.00 a.m and at any adjournment of the meeting.

Should you so desire to direct the Proxy how to vote, you should place a cross in the appropriate box(es) below:

I/We direct my/our Proxy to vote in the following manner:

	For	**Against**	**Abstain**
RESOLUTION 1 - Issue of Options	☐	☐	☐
RESOLUTION 2 - Appointment of Mr Anthony Kiernan as a Director	☐	☐	☐
RESOLUTION 3 - Appointment of Mr Michael Grant as a Director	☐	☐	☐

If no directions are given my proxy may vote as the proxy thinks fit or may abstain.

This Proxy is appointed to represent % of my voting rights,
or if two proxies are appointed Proxy No. 1 represents % and Proxy No. 2 represents % of my total votes.
My total voting rights are shares.

If the shareholder is an individual:

Signature: ____________________

SOLBEC PHARMACEUTICALS LTD
ACN 061 289 218

Name: ______________________

If the shareholder is a company:
Affix common seal (if required by Constitution)

Director/Sole Director and Secretary	Director/Secretary

SOLBEC PHARMACEUTICALS LTD
ACN 061 289 218

NOTES:

A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

For the purposes of Regulation 7.11.37 of the Corporations Regulations, the Directors have set a snapshot date to determine the identity of those entitled to attend and vote at the meeting. The snapshot date is 10.00am (Perth Time), Monday, 16 July 2003.

To be effective, the proxy form (and any power of attorney) must be lodged at the registered office of the Company not less than 48 hours before the time of holding the meeting. The proxy may be lodged by facsimile transmission to the facsimile number at the Company's principal place of business, being (08) 9446 8777.

A copy of the power of attorney must be lodged for any proxy appointed under a power of attorney, together with evidence of non-revocation of the power of attorney.

A proxy for a corporation must be appointed under the common seal of the corporation or signed in accordance with the requirements of Section 127 of the Corporations Act.

A proxy form is attached. If required it should be completed, signed and returned to the Company's principle place of business in accordance with the proxy instructions on that form.

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EXPLANATORY STATEMENT

At the General Meeting to be held on 16 July 2003 three Resolutions will be dealt with. The following information has been prepared to assist with shareholder consideration of this resolution.

1. Issue of Options

Listing Rule 7.1 provides that a listed company may not issue securities in any 12 month period which, when aggregated with the value of the other securities issued within that 12 month period, exceed 15% of the value of ordinary shares on issue at the beginning of the 12 month period, unless the issue falls within one of the nominated exceptions or the prior approval of members of the company in general meeting is obtained.

The Company intends to issue up to 157,767,385 Options to shareholders and holders of Existing Listed Options on the basis of one Option for every two Shares or Existing Listed Options held, at a price of 0.5 cents per Option. The issue is to proceed subject to shareholder approval.

The Company is hereby seeking the approval of shareholders for this issue of Options. A prospectus will be issued in relation to the issue.

In compliance with Listing Rule 7.3 shareholders are advised as follows:

(a) The total number of securities that may be allotted is up to 157,767,385 Options;

(b) Summary terms of the offer are as follows:

  (i) pro rata issue to shareholders and holders of existing listed options on the 'Record Date';

  (ii) issue on the basis of one (1) Option for every two (2) Shares on issue for shareholders, or one (1) Option for every two (2) Existing Listed Options on issue for holders of Existing Listed Options;

  (iii) Options will be issued at a price of 0.5 cents per Option.

  (iv) The Directors have agreed to underwite a total of 11,000,000 Options under the issue for a total underwriting commitment of $55,000.

  (v) Management have reserved the right to place any shortfall arising from the issue as they see fit.

(c) The Options will be issued within 3 months of the date of this general meeting;

(d) Application will be made to ASX for quotation of the Options.

(e) Shares issued on the conversion of the Options will rank pari passu in all respects with the Company's existing fully paid ordinary shares.

(f) Terms and Conditions of Options are set out in annexure 1 to this Explanatory Memorandum

Shareholders will receive a copy of the Prospectus by mail prior to the date of the General Meeting. Additional copies of the Prospectus are also available from the Company on request.

2. Resolutions 2 & 3

Mr Anthony Kiernan and Mr Micheal Grant were appointed a director by resolution of the Board on March 28, 2003. Mr Kiernan and Mr Grant, being eligible, have offered themselves for election as directors pursuant to this Resolution.

GLOSSARY

ASX means Australian Stock Exchange Limited (ACN 008 129 164).

ASIC means Australian Securities and Investments Commission.

Board means the board of Directors of the Company duly appointed in accordance with the Constitution of the Company.

Company means Solbec Pharmaceuticals Ltd (ACN 061 289 218).

Constitution means the constitution (formerly articles of association) of the Company.

Directors means directors of the Company.

Existing Listed Options means the Company's 156,264,990 existing listed options exercisable at 20 cents each on or before 30 June 2003.

Explanatory Statement means the explanatory statement in this Memorandum.

Listing Rules means the official listing rules of ASX.

Meeting means the meeting convened by the Notice.

Memorandum means this document, comprising of the Notice, the Explanatory Statement and the Proxy Form.

Notice means the notice of meeting accompanying this Memorandum.

Options means an option to acquire a Share on the terms set out in the annexure to this Explanatory Statement.

Share means an ordinary fully paid share in the capital of the Company.

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ACN 061 289 218

ANNEXURE 1

OPTION TERMS AND CONDITIONS

The Options will entitle the holders to subscribe for Shares on the following terms:

i. Each Option entitles the holder to subscribe for and be allotted one Share at prices set out in (ii) depending on when the Option is exercised.

ii. The Options are exercisable at any time prior to 5.00pm WST on a date 3 years from the date of issue of the Options ("Expiry Date") by notice in writing to the Company accompanied by payment of the exercise price, being

   - 12 cents within 12 months of the date of issue of the options;
   - 20 cents within 24 months of the date of issue of the options; or
   - 30 cents within 36 months of the date of issue of the options.

iii. The Options may be exercised in whole or in part. If the Options are exercised in part, each notice of exercise must be for not less than 5,000 Shares and thereafter in multiples of 1,000 Shares.

iv. Application will be made to ASX for Official Quotation of the Options.

v. Shares will be allotted and issued pursuant to the exercise of Options not more than ten (10) Business Days after receipt of a properly executed notice of exercise of the Options and payment of the requisite application moneys.

vi. Shares issued upon exercise of the Options will rank equally in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the Options.

vii. There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered or made to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten (10) Business Days after the issue is announced. This will give optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

viii. In the event of any new or bonus issues, there are no rights to a change in the exercise price or the number of underlying securities over which the Options can be exercised.

ix. In the event of any reorganisation (including a consolidation, sub-division, reduction or return) of the issued capital of the Company on or prior to the Expiry Date, the rights of the optionholder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of the reorganisation.

x. The Company will, at least twenty (20) Business Days before the expiry date of the Options, send notices to the optionholders stating the name of the optionholder, the number of Options held and the number of shares to be issued on exercise of the Options, the exercise price, the due date for payment, and the consequences of non-payment.