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ABN 58 008 130 336

6 September 2010

The Manager
Company Announcements
Australian Securities Exchange
Level 4, 20 Bridge Street
Sydney NSW 2000

Notice of Dispute under Development Agreement with Solagran Limited

The Directors of BioProspect (ASX: BPO) wish to announce that upon *ex parte* application by BPO, the Federal Court of Australia has this morning made orders on an interim basis, granting an injunction restraining:

1. Solagran Limited (ASX: SLA) from selling, disposing, exercising any right in relation to, or otherwise dealing with any BPO Securities that were allotted and issued to SLA (**Allotted Securities**), pursuant to the Development Agreement dated 22 August 2007 (**DA**); and
2. Computershare Investor Services Pty Ltd (**Computershare**) from registering any transfer of the Allotted Securities, other than any such transfer received by Computershare prior to service of the interim orders on Computershare, if the effect of any such transfer received by Computershare after such service would be that the number of BioProspect Securities registered in the name of SLA would be less than 45,000,000 (being the number of securities issued to it under the DA).

A copy of BPO's Federal Court Application and the interim orders, which have been served on both SLA and Computershare are *attached* to this announcement.

The application has been relisted for 10.15 am on 15 September 2010, at the Perth District of the Federal Court of Australia, where the Court will decide whether it is necessary to keep the injunction in place until trial

At that juncture, SLA and Computershare will be given the opportunity to be heard on the issue.

The orders do, however, provide that any person affected by the restraints that have been imposed can apply to have the matter relisted on 24 hours notice. There is therefore a possibility that further argument may occur earlier than 15 September 2010. The directors will keep the market informed, if the matter is relisted for argument any earlier than 15 September 2010.

Nature of claim

The essence of BPO's claim is that it was misled by conduct, which contravened sections 52 and 53(f) of the *Trade Practices Act 1974* (Cth) (**TPA**), into entering into the DA. In particular, BPO alleges that during the negotiations that ultimately culminated in the execution of the DA, SLA falsely represented to it that it held patents in Australia and the USA (or would eventually hold such patents) that covered the manufacture of CGNC (sold by SLA as Bioeffective A).

BPO led evidence at this morning's hearing from an independent expert, Dr Stuart Boyer, an experienced patent attorney, in which Dr Boyer opined that the manufacture of CGNC does not fall within the claims of SLA's existing Australian extraction process patent or its pending USA extraction process patent application.

BPO is seeking final orders for damages against SLA, and its Executive Chairman Mr Vagif Soultanov and former director Mr Denis Kilroy. Messrs Soultanov and Kilroy negotiated the DA for and on behalf of SLA.

BPO is also seeking orders that the DA be rescinded in whole, alternatively in part and that the Allotted Securities be cancelled (**Cancellation Order**).

Although Computershare and Nova Vita Pty Ltd have been joined as parties to the proceedings, BPO does not allege that either of those parties has been involved in any wrongdoing.

SLA is a major shareholder of BPO and currently holds over 54m shares of which 45m shares have been granted to SLA under the DA.

BPO considered the interim injunction was necessary to prevent SLA dealing with the Allotted Securities so that it is able to obtain the Cancellation Order at trial and to prevent any damage to it that might arise by virtue of SLA dealing in the Allotted Securities.

The granting of this interim injunction and its continuation until trial will ensure that there will not be significant volumes of BPO shares traded at an unfavourable price while this dispute is being resolved.

BioProspect will continue to keep the market informed as it explores all available options for the Company regarding the dispute.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Colin Johnston'. The signature is written in a cursive, flowing style with a large initial 'C'.

Colin Johnston
Company Secretary

IN THE FEDERAL COURT OF AUSTRALIA)
WESTERN AUSTRALIAN REGISTRY)
GENERAL DIVISION

WAD 234 of 2010

IN THE MATTER OF:

BIOPROSPECT LTD
(ACN 008 130 336)

Applicant

and

SOLAGRAN LTD
(ACN 002 592 396)

First Respondent

and

VAGIF SOULTANOVICH SOULTANOV
Second Respondent

and

DENIS BERTRAM KILROY
Third Respondent

and

NOVA VITA PTY LTD
(ACN 109 436 508)
Fourth Respondent

COMPUTERSHARE INVESTOR
SERVICES PTY LTD
(ACN 078 279 277)
Fifth Respondent

APPLICATION PURSUANT TO THE *TRADE PRACTICES ACT 1974* (CTH)
(Order 4, rule 1)

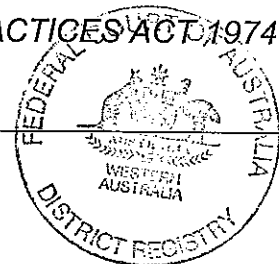
A DETAILS OF CLAIM

On the grounds stated in the accompanying statement of claim the applicant claims:

Filed on behalf of the applicant by

LAVAN LEGAL
Solicitors for the applicant
Level 19
1 William Street
PERTH WA 6000

Tel: 08 9288 6000
Fax: 08 9288 6001
Solicitor's Ref: WCZ:1133030



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1 As against the first and fourth respondents:

1.1 A declaration pursuant to section 87(1A) of the *Trade Practices Act* 1974 (Cth) (**TPA**) that the whole of the Development Agreement dated 22 August 2007 between the applicant, the first respondent and fourth respondent (**DA**) is void *ab initio*.

2 As against the first respondent:

2.1 In the alternative to the declaration at paragraph 1.1 above, a declaration pursuant to section 87(1A) of the TPA that those parts of the DA that purport to regulate, create or effect any rights or obligations as between the first respondent and the applicant are void *ab initio*.

2.2 In the alternative to the declarations at paragraph 1.1 and 2.1 above, a declaration pursuant to section 87(1A) of the TPA refusing to enforce any provisions of the DA that regulate, create or effect any rights or obligations as between the first respondent and the applicant.

2.3 An order pursuant to section 87(1A) of the TPA that the applicant is entitled to cancel any securities in the applicant that were issued to the first respondent pursuant to the terms of the DA (**Issued Securities**) and in which the first respondent retains a relevant interest (as that term is defined in section 608 of the *Corporations Act*) (**Cancellation Order**).

2.4 Damages pursuant to section 82 of the TPA, alternatively, compensation pursuant to section 87(1A) of the TPA, in relation to the loss and damage suffered by the applicant by reason of the first respondent's contraventions of section 52, further or alternatively section 53(f), of the TPA in connection with the making of the First IP Representations, further or alternatively the Second IP Representations,



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further or alternatively the Third IP Representations, further or alternatively the IP Reassurance Representations, further or alternatively the DA IP Representations (respectively defined in paragraphs 7, 17, 30, 37 and 48 of the statement of claim), in an amount to be assessed.

2.5 Damages for breach of the DA, in an amount to be assessed.

3 As against the second respondent:

3.1 Damages pursuant to section 82 of the TPA, alternatively compensation pursuant to section 87(1A) of the TPA, in relation to the loss and damage suffered by the applicant as a result of the second respondent's involvement in the first respondent's contravention of section 52, further or alternatively section 53(f), of the TPA in connection with the making of the First IP Representations, further or alternatively the Second IP Representations, further or alternatively the Third IP Representations further or alternatively the IP Reassurance Representations, further or alternatively the DA IP Representations, in an amount to be assessed.

4 As against the third respondent:

4.1 Damages pursuant to section 82 of the TPA, alternatively damages pursuant to section 87(1A) of the TPA, in relation to the loss and damage suffered by the applicant as a result of the third respondent's involvement in the first respondent's contravention of section 52, further or alternatively section 53(f), of the TPA in connection with the making of the First IP Representations, further or alternatively the Second IP Representations, further or alternatively the Third IP Representations,



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further or alternatively the IP Reassurance Representations, further or alternatively the DA IP Representations, in an amount to be assessed.

5 As against each of the first, second and third respondents:

5.1 Costs.

5.2 Such further order or relief as to this Honourable Court may seem just.

B CLAIM FOR INTERLOCUTORY RELIEF

1 An injunction restraining the first respondent whether by itself, its officers, servants, agents or otherwise from selling, disposing, exercising any right in relation to, or otherwise dealing with any securities in the applicant (**BioProspect Securities**) registered in the name of the first respondent if the effect of any such dealing would be that the number of BioProspect Securities registered in the name of the first respondent would be less than 45,000,000, until 4.00pm _____, or until further order.

2 An injunction restraining the fifth respondent whether by itself, its officers, servants, agents or otherwise from registering any transfer of BioProspect Securities registered in the name of the first respondent as transferor to any other person, other than any such transfer received by the fifth respondent prior to service of these orders on the fifth respondent, if the effect of any such transfer received by the fifth respondent after such service would be that the number of BioProspect Securities registered in the name of the first respondent would be less than 45,000,000, until 4.00pm _____, or until further order.

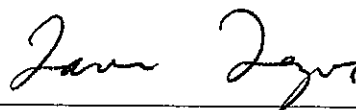
Any person affected by the restraints in order 2 above have liberty to apply on 24 hours notice.



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- 4 The applicant serve a copy of its application and these orders on the respondents by 12 noon _____ by email and facsimile .
- 5 The parties have liberty to apply on 24 hours notice.
- 6 The applicant's costs be reserved.

DATED the 2 day of September 2010.



Solicitors for the Applicant

C NOTICE TO RESPONDENT

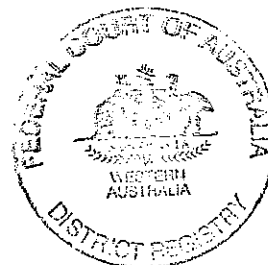
TO: Solagran Ltd
(ACN 002 592 396)
c/- Level 1
480 St Kilda Road
MELBOURNE VIC 3004

TO: Dr Vagif Soultanov
69 Chapman Street
NORTH MELBOURNE VIC 3051

TO: Mr Denis Kilroy
6 Barry Street
KEW VIC 3101

TO: Nova Vita Pty Ltd
c/-737-741 Burwood Road
HAWTHORN VIC 3122

TO: Computershare Investor Services Pty Ltd
c/-Level 19, 307 Queen Street,
BRISBANE, QLD, AUSTRALIA, 4000



This application has been set down for the time and place stated below. If you or a legal practitioner representing you do not attend the Court at that time, the application may be

dealt with and judgment may be given, or an order made, in your absence. As soon after the time mentioned as the business of the Court will allow, any of the following may happen:

- (a) the application may be heard;
- (b) directions may be given for the further conduct of the proceeding;
- (c) any application for interlocutory relief may be heard.

Before any attendance at Court, you must file an appearance in the Registry.

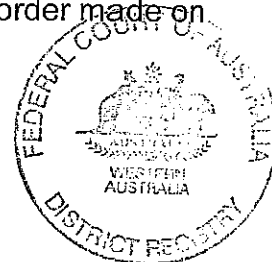
Time and date for hearing: 9:15am on Friday 3 September 2010

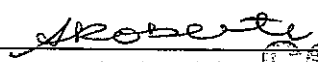
Place: Commonwealth Law Courts
Level 7
1 Victoria Avenue
PERTH WA 6000

D ABRIDGMENT OF SERVICE

The time by which this application is to be served has been abridged by order made on
to

Dated the 2nd day of September 2010




An officer acting with the authority of the District Registrar
Registrar

E FILING AND SERVICE

This application is filed by Lavan Legal for BioProspect Ltd whose address for service is Lavan Legal, Level 19, 1 William Street, Perth, WA 6000.

The applicant's address is Suite 6, Level 3, 320 Adelaide Street, Brisbane, QLD 4000.

It is intended to serve this application on each person listed below:

Solagran Limited
(ACN 002 592 396)
c/- Level 1
480 St Kilda Road
MELBOURNE VIC 3004

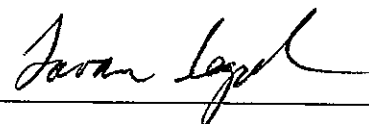
Dr Vagif Soultanovich Soultanov
69 Chapman Street
NORTH MELBOURNE VIC 3051

Mr Denis Kilroy
6 Barry Street
KEW VIC 3101

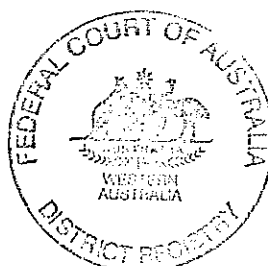
Nova Vita Pty Ltd
c/- 737-741 Burwood Road
HAWTHORN VIC 3122

Computershare Investor Services Pty Ltd
c/-Level 19, 307 Queen Street,
BRISBANE, QLD, AUSTRALIA, 4000

Dated the day of September 2010



Solicitors for the Applicant



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**IN THE FEDERAL COURT OF AUSTRALIA
WESTERN AUSTRALIA DISTRICT REGISTRY
GENERAL DIVISION**

No: (P)WAD234/2010

BIOPROSPECT LTD ACN 008 130 336
Applicant

SOLAGRAN LTD ACN 002 592 396
First Respondent

VAGIF SOULTANOVICH SOULTANOV
Second Respondent

DENIS BERTRAM KILROY
Third Respondent

NOVA VITA PTY LTD ACN 109 436 508
Fourth Respondent

COMPUTERSHARE INVESTOR SERVICES PTY LTD ACN 078 279 277
Fifth Respondent

ORDER

JUDGE: Justice McKerracher

DATE OF ORDER: 6 September 2010

WHERE MADE: Perth



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THE COURT ORDERS THAT:

UPON the Applicant undertaking to the Court that it will pay to any party restrained or affected by the restraints imposed by this interim injunction, such compensation as the Court may in its discretion consider in the circumstances to be just, such compensation to be assessed by the Court, or in accordance with such direction as

LAVAN LEGAL
Solicitors for the Applicants
Level 19
1 William Street
PERTH WA 6000
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Tel: 08 9288 6000
Fax: 08 9288 6001
Solicitor's Ref: WCZ:MB:1129516
Wayne Zappia

the Court may make and to be paid in such manner as the Court may direct, it be ordered that:

1 Until 4.00pm on 15 September 2010, or until further order:

1.1 the first respondent be restrained and an interim injunction be granted restraining the first respondent whether by itself, its officers, servants, agents or otherwise from selling, disposing, exercising any right in relation to, or otherwise dealing with any securities in the applicant (**BioProspect Securities**) registered in the name of the first respondent, if the effect of any such dealing would be that the number of BioProspect Securities registered in the name of the first respondent would be less than 45,000,000; and

1.2 The fifth respondent be restrained and an interim injunction be granted restraining the fifth respondent whether by itself, its officers, servants, agents or otherwise from registering any transfer of BioProspect Securities registered in the name of the first respondent as transferor to any other person, other than any such transfer received by the fifth respondent prior to service of these orders on the fifth respondent, if the effect of any such transfer received by the fifth respondent after such service would be that the number of BioProspect Securities registered in the name of the first respondent would be less than 45,000,000.



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2 Confidential Exhibit 'KDK1' exhibited to the affidavit of Kris David Knauer sworn 3 September 2010 remain sealed on the court file and the applicant

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be excused from serving that exhibit on the respondents until such time as an appropriate confidentiality orders are agreed by the parties' solicitors.

3 Any person affected by the restraints in order 1 above have liberty to apply on 24 hours notice.

4 The applicant serve a copy of its application and these orders on the first and fifth respondents by 2 pm, 6 September 2010, by facsimile to the following numbers:

4.1 The first respondent - (03) 9820 3155; and

4.2 The fifth respondent - (03) 9473 2500 and (07) 3229 9860.

5 Subject to order 2 above, the applicant serve the first and fifth respondents by email with a copy of its application, these orders, its undertaking as to damages dated 3 September 2010 and any submissions or affidavits filed in support of its application for an interlocutory injunction by 4.30 pm, 6 September 2010.

6 The matter be relisted for hearing on 15 September 2010, at 10:15am.

7 The parties have liberty to apply on 24 hours notice.

8 The applicant's costs be reserved.

Date that entry is stamped: 6 September 2010



Elle Vandey
Deputy District Registrar

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NOTICE PURSUANT TO ORDER 37 RULE 2

**TO: SOLAGRAN LTD AND COMPUTERSHARE INVESTOR SERVICES
PTY LTD**

IF YOU (BEING THE PERSON BOUND BY THIS ORDER):

- (A) REFUSE OR NEGLECT TO DO ANY ACT WITHIN THE TIME
SPECIFIED IN THE ORDER FOR THE DOING OF THE ACT; OR**
- (B) DISOBEY THE ORDER BY DOING AN ACT WHICH THE ORDER
REQUIRES YOU TO ABSTAIN FROM DOING,**

**YOU WILL BE LIABLE TO IMPRISONMENT, SEQUESTRATION OF
PROPERTY OR OTHER PUNISHMENT.**

**ANY OTHER PERSON WHO KNOWS OF THIS ORDER AND DOES ANYTHING
WHICH HELPS OR PERMITS YOU TO BREACH THE TERMS OF THIS ORDER
MAY BE SIMILARLY PUNISHED.**



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