

3 July 2006

SPL Appoints Jackie Fairley As CEO

Event Summary

- SPL have announced that John Raff will retire as CEO and Jackie Fairley will take up the role effective from 1 July 2006.
- John Raff will remain a non-executive director of SPL and will assume the position of Deputy Chairman of the Board.
- We are confident that this appointment has been part of a established succession plan by the company rather than a management change undertaken as a result of lack lustre share price performance as has occurred with many companies in the sector over the last 12 months.
- While the share price performance for SPL over the past 12 months has been disappointing, from an operational perspective, the progress of the company has been exceptional including:
 - securing significant non-dilutive funding from the NIH (which we estimate to cover \$35m in development costs) for the development of VivaGel
 - gaining Fast Track status from the FDA for the development of VivaGel for the prevention of HIV infection in women
 - extension of the application of VivaGel to the prevention of HSV-2 infection (genital herpes) as well as HIV providing a significant opportunity for the product in developed countries
 - identification of contraceptive activity with VivaGel which will provide additional benefits for women using the product
 - securing of additional investor funding providing current cash reserves of approximately \$15m which will support the company for an additional 18 months
- With the current cash reserves and the funding from the NIH, the company has financial support to undertake up to \$50m in product development for VivaGel which we believe is not fully reflected in its current market capitalisation of \$61m.
- The company also has maintained its 33% equity holding in the US private nanotechnology company Dendritic Nanotechnologies Inc (DNT). While DNT has not been subject to an independently-valued external pricing round, a comparison of other nontechnology companies would support a valuation of greater than US\$70m for DNT.
- We believe the appointment of Jackie Fairley as SPL's new CEO is very timely bringing strong commercial and pharmaceutical development expertise at a time when the company is making significant progress in both of these areas.

Company	
Stock code:	SPL
Share price:	\$0.42
Recommendation:	Speculative Buy

S&P/ASX 300 = 5087

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Disclaimer Patersons Securities Limited acted as Lead Manager for a Placement and Lead Manager and Underwriter of a Share Purchase Plan that raised \$15m at \$0.51 for Starpharma Holdings Limited in November 2005. It received a fee for this service

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