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TERMILONE market development deal signed with US company

BioProspect Limited (ASX:BPO) today announced the signing of a new international market development agreement with US company Ensystem Corporation for natural termite solution *TERMILONE*[®], as it continues to commercialise its natural product portfolio.

Following an initial evaluation agreement signed in January 2009, North Carolina-based Ensystem has now agreed to undertake efficacy testing at its own cost for the registration of *TERMILONE*[®] as a soil-applied termiticide with the Australian Pesticides and Veterinary Medicines Authority (APVMA).

BioProspect Managing Director, Charles Pellegrino, said the agreement was an important step in the delivery of an environmentally safe, low toxicity product to major markets including the United States, Japan and Australia.

“Ensystem has remained committed to *TERMILONE*[®] since the signing of our initial agreement, and we are pleased to have taken our partnership a step further as we move to commercialise this important Australian discovery,” Mr Pellegrino said.

“BioProspect expects to gain registration of *TERMILONE*[®]’s active constituent, Eremophilone Oil, with the APVMA in early 2010. We are now focused on delivering a data package to the regulator for end-use products, and Ensystem together with our scientific collaborators at the CSIRO, Southern Cross University and the University of Western Sydney will help us achieve this.”

He said registration in Australia would assist registration in the United States and Japan, with BioProspect and Ensystem having the option upon the agreement’s conclusion of entering into a commercial agreement for the supply and distribution of *TERMILONE*[®] to selected international markets.

BioProspect Chief Operating Officer, Peter May, said field trials with end-use products were being planned by Ensystem for the first quarter of 2010. They would include a termite colony control trial to be undertaken in Townsville, north Queensland, in the first quarter of 2010 over three months, and a residual efficacy trial at the same location over a two-year period.

“Since the termite-resistant properties of *Eremophila mitchellii* (False Sandalwood) trees were first identified, BioProspect has invested considerable resources in developing a product with extremely low human and environmental toxicity, and with applications both as a timber protectant and as a toxicant and repellent for use as a soil-applied termiticide,” Mr May said.

“The two-year international testing program to be initiated by Ensystem is rigorous, with *TERMILONE*[®] undergoing tests under a variety of situations and locations, including under slab, perimeter trenching and application through reticulation systems.

“BioProspect is also completing a manufacturing study on extracting Eremophilone Oil from timber on a commercial scale to add to our end-use product registration package, while progressing patent applications for *TERMILONE*[®] in the United States and Japan.”

Ensystem President David R. Nimocks, III, said the new agreement was a milestone in the development of an environmentally friendly solution for homeowners and industry users around the world.

“Ensystem aims to be a leader in environmentally responsible and effective, long-term pest management solutions and we see *TERMILONE*[®] as a key part of our future green product range. Ensystem distributes products in all the major pest management markets around the world, including the United States, Europe and Asia-Pacific, allowing for rapid commercialisation of *TERMILONE*[®] products internationally,” Mr Nimocks said.

A privately owned company, Ensystem specialises in the development, manufacture and supply of quality, environmentally responsible urban pest management solutions for use by professional pest managers. The company has a number of product formulation and research facilities around the world, including in the United States, Australia, Asia and Europe.

BioProspect’s Mr Pellegrino said, “Termites are the most economically destructive insect in the world, causing an estimated \$900 million worth of damage in Australia alone each year. We expect the market opportunity for a natural and safe solution to continue growing, and Ensystem has the international network to ensure we reach the main markets for termite control products.

“BioProspect has developed a clear pathway to commercialisation of *TERMILONE*[®], which adds to the Company’s exciting *REGEN*[™] range of natural skin and healthcare products and the *Bioeffectives*[®] range of natural plant extracts for the animal health and nutrition markets. We anticipate 2010 to be a milestone year as we deliver on the enormous value of our natural product portfolio for the benefit of all stakeholders.”

Yours sincerely,

A handwritten signature in black ink, appearing to read "Colin Johnston". The signature is fluid and cursive, with the first name "Colin" being more prominent than the last name "Johnston".

COLIN JOHNSTON
Company Secretary