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23 August 2011

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

BioProspect increases its Frontier Gasfields shareholding to 50%

Highlights

- BioProspect increases interest in oil and gas explorer Frontier Gasfields Pty Ltd to 50%
- Further increase in Frontier stake to 75% contingent on commencement of exploration well on SC55

BioProspect Limited (ASX:BPO) today announced an increase in its stake in oil and gas explorer Frontier Gasfields Pty Ltd from 25 per cent to 50 per cent.

The move to exercise the option to gain 50 per cent ownership follows Frontier's required notification of the securing of a farm-in partner to drill at least one well (at the farminee's cost) at SC55, located offshore Palawan Islands in the Philippines.

Consideration for the 25% shareholding is \$1.25 million, and the issue of 100 million ordinary shares in BioProspect and 100 million options (\$0.03 each, expiring 31 December 2013).

BioProspect's Managing Director, Charles Pellegrino, said the decision to raise the Company's investment in Frontier was based on its potential to increase shareholder wealth and reduce investment risk.

"Frontier is rapidly developing its suite of oil and gas assets in the Philippines, including SC55, where project operator Otto Energy has announced the exercise of an option to

+ See chapter 19 for defined terms.

farm-in by BHP Billiton and preparations for the drilling phase of exploration,” Mr Pellegrino said.

“The quality of companies involved and the experience of Frontier’s management team have increased our confidence in this investment, and we look forward to working closely with Frontier to maximise its value.”

BioProspect’s initial investment in Frontier was approved by BioProspect shareholders at an Extraordinary General Meeting in July 2011 and as part of the Company’s investment diversification. BioProspect subsequently subscribed for 1 million new shares in Frontier at \$1 each and issued 150,000,000 BPO shares to Frontier shareholders as consideration for its initial 25 per cent stake.

Under the investment agreement, BioProspect obtained the option to acquire an additional 50 per cent equity in Frontier in two tranches of 25 per cent each.

The second option to increase BioProspect’s stake to 75 per cent may be exercised by the Company at any time up to 60 days after Frontier formally advises BioProspect that the first exploration well has commenced on SC55.

According to Otto Energy, SC55 spans 9,880 square kilometres and contains both carbonate and sandstone reservoir targets, with a number of oil and gas prospects identified.

Mr Pellegrino said BioProspect was now positioned to benefit from the growth of this and other Frontier projects, situated in one of the world’s fastest-growing regions and amid rising energy prices.

Attached is the Appendix 3B that sets out the issue of BPO shares and options as consideration for the 25% increase in BioProspect’s shareholding in Frontier that now totals 50%.

Yours sincerely,



COLIN JOHNSTON
Company Secretary

+ See chapter 19 for defined terms.

Appendix 3B

*New issue announcement,
application for quotation of additional securities
and agreement*

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002.

Name of entity

BIOPROSPECT LIMITED

ABN

58 008 130 336

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Ordinary Shares (BPO)
Listed Options (BPOO) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 100,000,000 ordinary shares
100,000,000 listed options |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Options expiring 31/12/2013 at an exercise price of 3 cents. |

+ See chapter 19 for defined terms.

4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

Yes

5 Issue price or consideration

Nil.

6 Purpose of the issue
(If issued as consideration for the acquisition of assets, clearly identify those assets)

These shares and options were issued to current shareholders of Frontier Gasfields Pty Ltd in consideration for an additional 25% investment into the company.

7 Dates of entering +securities into uncertificated holdings or despatch of certificates

22 August 2011

8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)

Number	+Class
1,568,670,347	Fully Paid Ordinary Shares
1,212,313,564	Listed Options (BPOO) expiring 31 December 2013 @ \$0.03

	Number	+Class
9	29,248,571	Unlisted Options 31/12/13 @ \$0.05(BPOAI)
	19,000,000	Unlisted Director Options 31/12/13 @ \$0.03 (BPOAK)
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	

Part 2 - Bonus issue or pro rata issue

- | | | |
|----|---|--|
| 11 | Is security holder approval required? | |
| 12 | Is the issue renounceable or non-renounceable? | |
| 13 | Ratio in which the +securities will be offered | |
| 14 | +Class of +securities to which the offer relates | |
| 15 | +Record date to determine entitlements | |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | |
| 17 | Policy for deciding entitlements in relation to fractions | |
| 18 | Names of countries in which the entity has +security holders who will not be sent new issue documents

<small>Note: Security holders must be told how their entitlements are to be dealt with.
Cross reference: rule 7.7.</small> | |
| 19 | Closing date for receipt of acceptances or renunciations | |
| 20 | Names of any underwriters | |
| 21 | Amount of any underwriting fee or commission | |

22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	
33	⁺ Despatch date	

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

(If the additional securities do not form a new class, go to 43)

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

(now go to 43)

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

42 Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)

Number	+Class

(now go to 43)

All entities

Fees

43 Payment method (tick one)

Cheque attached

Electronic payment made

Note: Payment may be made electronically if Appendix 3B is given to ASX electronically at the same time.

Periodic payment as agreed with the home branch has been arranged

Note: Arrangements can be made for employee incentive schemes that involve frequent issues of securities.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C (6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Date: 23.08.2011

Print name: Colin Johnston

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