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

Convertible Note Issue

BioProspect Limited (ASX: BPO) today announced the finalisation of the issue of convertible notes amounting to \$1.2m to fund working capital requirements and the recent investment into Frontier Gasfields Pty Ltd (Frontier) that was announced to the market on 23 August 2011.

The terms of the convertible notes are as follows:

- Conversion price the lower of 1 cent per share or 80% of the 5 day VWAP of BPO on the ASX immediately prior to the conversion of the notes;
- The Notes will accrue interest at a rate of 8% per annum
- Each share issued from the Conversion of the notes will have a free attaching listed option (ASX: BPOO) or, should the conversion occur after the expiry of these, an option with a conversion price of 3 cents and a duration of not less than 24 months.
- Conversion of the notes will be subject to all necessary shareholder and regulatory approvals

Charles Pellegrino, Managing Director said the issue of these convertible notes to two significant shareholders has enabled the Company to be well positioned to benefit from the potential growth of the Frontier projects. He went on to say that both major shareholders support the company's investment opportunity delivered by Frontier into oil and gas exploration and have indicated that they are prepared to assist the company further.

Yours sincerely,

A handwritten signature in black ink that reads "Colin Johnston".

COLIN JOHNSTON
Company Secretary