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

Local development to benefit *AGRIPRO*[®] products

Highlights

- New *AGRIPRO*[®] commercialisation strategy to focus on local development of natural animal health products
- Revised submission planned to Australian Pesticides & Veterinary Medicines Authority (APVMA) for products based on Conifer Green Needle Complex (CGNC), including *AGRIPRO*[®] Topical Gel
- *GI-GUARD*[®] Oral Paste for horses study under review

BioProspect Limited (ASX: BPO) today announced a new commercialisation strategy for its *AGRIPRO*[®] natural animal health products, with resources to be concentrated on local product development and a revised regulatory submission planned.

BioProspect's Chief Operating Officer, Peter May, said the new, cost-effective strategy would improve the product registration process, which would now focus on *AGRIPRO*[®] Topical Gel for horses and potentially other companion animals.

Containing CGNC, *AGRIPRO*[®] Topical Gel has been developed for the treatment of surface wounds and abrasions, which represents a significant segment of the equine healthcare market.

The move follows formal notification from the APVMA of the withdrawal of BioProspect's previous application for registration of *GI-GUARD*[®] Oral Paste for horses, due to the expiry of a time limit for additional data on product chemistry.

Mr May said the Company now planned to further improve the data package for CGNC-based products to ensure it met both Australian and international standards.

"This ruling by the APVMA has given the Company the feedback required to clearly identify those data gaps that need to be filled in order to satisfy regulatory requirements. We have

already developed improved analytical methods to support a more up-to-date data package that will be used in a new submission to the APVMA,” Mr May said.

BioProspect has also mapped out a new development strategy for CGNC products which will focus on local product development. Meanwhile current overseas testing programs are under review to determine the best means to maximise the value received to date from the trials.

“Having already been safety tested in horses, BioProspect will now be concentrating on developing *AGRIPRO*[®] Topical Gel as part of the new CGNC registration application,” Mr May said.

“Further testing of *AGRIPRO*[®] Topical Gel will include efficacy studies in horses and possibly other companion animals, where market opportunities have already been identified.”

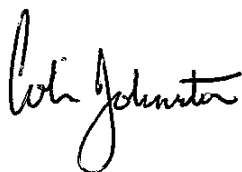
Meanwhile, the October 2011 suspension of the United Arab Emirates trial of *GI-GUARD*[®] Oral Paste for horses due to concerns over product quality has provided the opportunity to review progress with this product.

Although no evidence was found of product samples being out of specification, it has been decided not to continue with this study due to cost considerations and the need to focus resources on obtaining registration of CGNC and associated formulations in Australia before expanding to overseas markets.

Commenting on the new strategy, BioProspect’s Managing Director, Charles Pellegrino said: “These latest changes will ensure the Company gets maximum benefit from its local product development efforts, with a clear focus on commercialisation.

“BioProspect is committed to realising value for shareholders from our product portfolio, including our investment in Frontier Gasfields and natural product range comprising the *AGRIPRO*[®] and *GI-GUARD*[®] natural animal health products, natural insecticide *QCIDE*[®] and *REGEN*[®] therapeutics.”

Yours sincerely,

A handwritten signature in black ink, appearing to read "Colin Johnston". The signature is written in a cursive, flowing style.

COLIN JOHNSTON
Company Secretary