



**THE MANAGER  
COMPANY ANNOUNCEMENTS  
AUSTRALIAN STOCK EXCHANGE  
LEVEL 4, 20 BRIDGE STREET  
SYDNEY NSW 2000**

**16 February 2006**

### **Further positive results from AP778 field trials**

- AP778 continues to show positive results for the protection of timber from termites indicating 100% effectiveness at 1.14% concentration.
- Potential for improved performance following formulation work.
- Trial results will form part of the registration package in Australia upon completion.
- Low levels of toxicity are a key advantage over existing commercial products.
- Market size for termite management products is estimated at US\$ 3 billion globally.

BioProspect Limited (ASX:BPO) today advise that field trials for its natural termite product AP778 continue to show positive results for the protection of timber from termites after an interim assessment at the 18 month period.

The trials are designed to determine at what concentration AP778 acts as an effective timber impregnation treatment for termites. Timber impregnation treatments are used to prevent termites from damaging timber structures such as buildings and landscaping. The industry standard product is currently copper chrome arsenate (CCA) which the national agricultural regulator, the APVMA is moving to phase out on selected applications that it cannot be confident are safe.

The assessment of the in-ground timber impregnation field trials have indicated that AP778 at a concentration of 1.14% offers timber protection from termite attack for up to 18 months. This protection is achieved using the raw chemical. It is anticipated that formulation of AP778 would result in its improved performance, as formulation would offer timber better protection from external forces such as wind, rain and sun.

Stakes treated with higher AP778 impregnation concentrations provided better protection against termite activity. The 1.14% AP778 concentration has demonstrated 100% effectiveness, with lower concentrations also performing well.

Currently 30% of the untreated stakes have shown to be seriously effected by termites (as evidenced by the stake falling over), as have 35% of the control stakes (also untreated) and 20% of the solvent treated stakes. In contrast, only 10% of the 0.415% AP778 treated stakes have succumbed to termite attack, this being the lowest AP778 concentration in the trial.

Termites are a major problem around the world and it is estimated that termites are responsible for over \$780 million damage per year to Australian households. Sales of termite management products are estimated to be US\$3 billion globally.

Toxicity studies carried out in 2004 show that AP778 does not irritate the skin and has very low toxicity (acute oral and acute dermal LD<sub>50</sub> is greater than 2000mg/kg).

The low levels of toxicity displayed by AP778 are a key advantage over existing commercial products.

These positive results have given the Board and management of BioProspect the further confidence to invest the next level of capital into AP778. The field trials are due to be completed at the end of August 2006 and BioProspect will seek immediate guidance from its regulatory consultants as to the quickest route to registration of AP778 in Australia. Depending on advice, this may comprise of a termiticide product for direct application on termites, followed by timber impregnation and chemical barrier products.

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Colin Johnston

A handwritten signature in black ink that reads "Colin Johnston". The signature is written in a cursive style with a large, looped initial 'C'.

Company Secretary

#### FURTHER INFORMATION

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#### BACKGROUND

Following the discovery of AP778 in 2002 and a series of successful laboratory trials, BioProspect progressed to larger scale field trials in late August 2004. With the contract science assistance from the University of Western Sydney (UWS) and Southern Cross University (SCU) as well as New South Wales Forestry, BioProspect instigated field trials to test BioProspect's natural termiticide AP778 using impregnated pine timber for larger scale trials at Narrandera NSW.

The Narrandera site is approximately two hectares in size and the testing area holding the in-ground and hutch trials cover approximately 110m<sup>2</sup>. The trials include impregnated AP778 stakes at various concentrations ranging from 0.415% to 1.14% AP778 as well as Copper Chrome Arsenic (CCA) treated stakes, solvent treated stakes, untreated stakes and control stakes (also untreated). The field trial data will form part of the registration package submitted to the Australian Pesticide and Veterinary Medicine Authority (APVMA).

The national agricultural chemical regulator, the APVMA is moving to phase out uses of copper chrome arsenate (CCA) timber treatments that it cannot be confident are safe.

BioProspect will also consult with APVMA for advice on the registration requirements of AP778 formulations and presentation of trial data generated at the site upon its completion. BioProspect consider formulation with an anti-fungal agent will enhance AP778 ability to protect timber in impregnation applications.