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**The Manager  
Company Announcements  
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**TERMILONE's active constituent wins regulatory approval; commercial products next**

In a major milestone for natural, environmentally safe termite solution *TERMILONE*<sup>®</sup>, BioProspect Limited (ASX:BPO) today announced that the product's active constituent, Erimophilone Oil, had gained regulatory approval in Australia.

BioProspect's Managing Director, Charles Pellegrino, said the decision by the Australian Pesticides and Veterinary Medicines Authority (APVMA) to register Erimophilone Oil as a "technical grade active constituent" paved the way for registration of end-user products.

"This decision by the APVMA is a major achievement for BioProspect and its team of scientific and commercial collaborators, including the CSIRO, the University of Western Sydney (UWS) and Southern Cross University (SCU).

"It is the culmination of a process that started in 2003 with the discovery of the termite-resistant properties of oil extracted from the native Australian tree species *Eremophila mitchellii* (False Sandalwood), followed by extensive laboratory and field trials and the submission of a data package to the authority in October 2008," Mr Pellegrino said.

"Active constituent registration will facilitate the registration of end-user products in the Australian market, and ultimately in the world's largest termite control markets of the United States and Japan. I would like to congratulate all those involved for their dedication and enormous effort in achieving this goal, as we move towards the international commercialisation of *TERMILONE*<sup>®</sup> products across a range of markets."

Mr Pellegrino said the company anticipated achieving the registration of end-user products with the APVMA within the next two years, due to the need for additional data from field trials and the expected time required to achieve regulatory approval.

The international market for termite control products is estimated to exceed A\$1 billion a year, with demand increasing for sustainable low-toxicity and natural products that do not impact on pest control workers, home owners and their pets or the environment.

*TERMILONE*<sup>®</sup> can be used as both a timber protectant and as a toxicant and repellent for use as a soil-applied termiticide.

BioProspect's Chief Operating Officer, Peter May, said trials were continuing in Australia with the aim of generating the necessary data package for submission to the APVMA. In Townsville, Ensystem is undertaking a termite colony control trial and a two-year residual efficacy trial, while in Darwin the CSIRO is conducting a field trial on the use of *TERMILONE*<sup>®</sup> as a timber treatment.

Meanwhile in Sydney, UWS continues to undertake bioassays of formulations for end-user products, and a manufacturing study is being conducted by SCU in Lismore on extracting Eremophilone Oil from timber on a commercial scale.

Currently attending the 1<sup>st</sup> European Termite Market Conference in France where he presented on the Role of Biopesticides in Termite Control, Mr May said the company's progress in developing *TERMILONE*<sup>®</sup> had won recognition from the international industry.

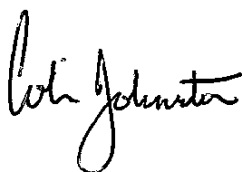
"The international pest control industry, like other industries, is currently focused on achieving sustainable outcomes. BioProspect's development of a sustainable Australian product extracted from native Australian trees is of enormous significance in this regard, and has already attracted international attention as shown by our market development agreement signed with Ensystem last December," he said.

"The industry and its customers are looking for environmentally responsible and effective long-term pest management solutions, and *TERMILONE*<sup>®</sup> addresses these needs perfectly."

Mr Pellegrino said, "BioProspect's portfolio of natural products continues to grow, and we are greatly encouraged by the progress made in commercialising *TERMILONE*<sup>®</sup>. This adds to our natural product portfolio comprising the *REGEN*<sup>™</sup> range of natural skin and healthcare products, the *Bioeffectives*<sup>®</sup> range of natural plant extracts for the animal health and nutrition markets and natural insecticide *Qcide*<sup>®</sup>.

"Having shown our ability to develop a natural discovery from the research stage through to registration and ultimately commercialisation, we are focused on achieving similar outcomes across our exciting product portfolio."

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Colin Johnston', written in a cursive style.

**COLIN JOHNSTON**  
Company Secretary