



Suite 7A, Level 3  
320 Adelaide Street  
Brisbane QLD 4000  
Ph 07 3229 5755  
Fax 07 3229 4655

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**The Manager**  
**Company Announcements**  
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### **BioProspect reaches in-principle agreement to acquire Re-Gen**

Expanding into the natural human healthcare market, BioProspect Limited (ASX:BPO) today announced an in-principle agreement had been reached for the acquisition of Melbourne-based Re-Gen, a specialist provider of skin care and human health products based on natural Australian ingredients, including emu oil.

The agreement follows an intensive three month due diligence process that included market research and development activities in China, with opportunities identified for near-term cash flow from Re-Gen products already approved for sale by the Chinese Ministry of Health.

Under a Heads of Agreement signed with Mr Howard Fox and his company, Re-Gen Wellness Products Pty Ltd, in early May 2009, BioProspect obtained an exclusive call option expiring August 4, 2009, to purchase the company and intellectual property relating to Re-Gen's range of products.

BioProspect CEO Peter May said a non-binding offer to purchase had been made to Mr Fox, and he had agreed in principle to the offer, subject to final negotiation and signing of a formal Share Sale Agreement.

"The acquisition of Re-Gen is a perfect fit with BioProspect's natural product range, and will provide the company with an existing range of skin care and therapeutic products already approved for sale in target markets, including China," Mr May said. "This gives BioProspect the opportunity to make immediate sales that will contribute cash to the business and grow shareholder value."

"The introduction of a range of established and approved products to BioProspect's natural product portfolio will significantly assist with the further development of the company's

other products, including the natural termite solution *TERMILONE*<sup>®</sup> and the *Bioeffectives*<sup>®</sup> range of natural plant extracts for the animal health and nutrition markets,” he added.

The due diligence process included a detailed audit of Re-Gen’s intellectual property and product approvals, as well as contact with key collaborators and customers.

“China’s rapid economic growth and population size have made it one of the world’s leading markets for skin and healthcare products,” Mr May said. “A two-week visit to the country during the due diligence period enabled direct contact with key customers and service providers, and also provided the opportunity to confirm first-hand the market demand for the products and the structures required to undertake profitable business in the China market.”

Re-Gen’s Mr Fox said he was excited by the opportunity to develop the natural Australian products with the benefit of BioProspect’s international product registration and commercialisation expertise.

“BioProspect have been very supportive of Re-Gen’s marketing efforts in China, with the aim of gaining sales this calendar year and in time for Christmas and the Chinese New Year period,” Mr Fox said. “We are keen to conclude formal negotiations and implement operational plans aimed at realising the significant opportunities presented by markets in China and the region.”

A formal Share Sale Agreement is anticipated in August, at which time BioProspect will make a more detailed announcement on the opportunities presented by Re-Gen.

“BioProspect continues to progress commercialisation activities on its *TERMILONE*<sup>®</sup> and *Bioeffectives*<sup>®</sup> products, and sees Re-Gen as providing an important boost to revenues as we work to develop a diversified range of natural, environmentally friendly products across both the human and animal health markets,” Mr May said. “The outlook for the company is excellent, and we are confident of further growth as one of Australia’s leading natural product providers.”



**COLIN JOHNSTON**  
Company Secretary