



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

31 July 2007

QUARTERLY REPORT FOR PERIOD ENDED 30 JUNE 2007 AND APPENDIX 4C

Finance

The attached Appendix 4C shows that the Company ended the June financial year with just over \$2.0m cash on hand. Notable cash inflows during the period consisted of:

- A receipt on 8 June for \$32,505 from the Australian Taxation Office for the 2006 R&D tax offset;
- Share issues to individuals who exercised their rights on the options that expired on 30 June brought in \$106,000 and
- Interest received from term deposits brought in over \$15,000 for the quarter.

As announced on 16 July 2007, Max Capital Pty Ltd completed its obligations with the underwriting agreement which saw \$4,852,945 being received during July through the issue of 97,058,894 ordinary shares at an issue price of \$0.05 per share.

Development Projects

TERMILONE® (now a Registered Trade Mark)

During the quarter, the Company has completed formulation work on the Termilone® Contact Spray (CS) and Timber Treatment (TT) formulations. Bioassays to confirm efficacy were completed by the University of Western Sydney (UWS) and the results were positive. The formulations will now proceed to bioassay in their respective end use areas.

Termilone® CS will be tested by the UWS in the laboratory and field to determine a direct effect on termite nests, incursions and infestations. The CS formulation is intended for use in areas where termites have been located and an immediate control is required.

Termilone® TT will be tested by Ensis:CSIRO at the Clayton Timber Products laboratory in Melbourne. A successful bioassay result here will permit further field testing under the management of Ensis;CSIRO.

As each of the lab and field bioassay tests progress, the Company will commence further mammalian toxicity testing on the actual formulations in accordance with the APVMA registration strategy.

Over the next 6 months the Company will, through a collaboration with the School of Environmental Science & Management at southern Cross University commence environmental fate and toxicity studies to determine the ecological properties of the Eromophilone Oil (the active constituent of Termilone®).

Formulation testing will commence on Termilone® BT (Barrier Treatment) when the preliminary environmental work is completed. The BT formulation will be a treatment that is applied to the soil to protect homes and structures from termite attack and it is important that the Company obtains a clear indication on how the product behaves in the soil before proceeding.

Solagran Limited

As announced on 29 May 2007, the Company completed its due diligence on the information pertaining to Bioeffectives® under the proposed exclusive licence with Solagran Limited. This agreement will allow the Company to develop and commercialise a range of Solagran's Bioeffectives® in the animal health, nutrition and agricultural markets on an international scale.

As of the date of this quarterly report, the Company was in the final stages of finalising the licence agreement with Solagran Limited. Once signed, the Company will immediately proceed with screening trials to test a range of Bioeffectives® in the poultry and pork production areas with the intent of establishing data for large-scale field trials in late 2007 and early 2008.

Astrum Therapeutics Pty Ltd

During June, the Company received formal notice of a second round of capital raising from Astrum addressed to its shareholders of which BioProspect currently holds a 33.3% share. At the Company's board meeting in July, the directors have decided that the Company will not participate in this capital raising by Astrum and instead focus on developing its two key products, Termilone® and the Bioeffectives® range from Solagran Limited.

Apath LLC


Since late 2002, the Company has been supplying Apath LLC in St Louis, Missouri USA with various extracts from the Company's natural plant library. Over the last 4 years, Apath has progressed with several stages of screening that showed positive results towards hepatitis C.

The Company has received formal notification from Apath LLC that it intends to cease any further work on BioProspect's natural library due to internal cost pressures and a change of direction from senior management. As a result, BioProspect will be receiving all the data generated from the various trials and intends on providing this data to Australian collaborators who have expressed interest in further research into this data.

Qcide

The company continues to work on achieving a commercial outcome for Qcide.

Yours sincerely

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

Colin Johnston

Company Secretary

APPENDIX 4C follows

Appendix 4C

**Quarterly report
for entities admitted
on the basis of commitments**

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

BIOPROSPECT LIMITED

ABN

58 008 130 336

Quarter ended ("current quarter")

30 JUNE 2007

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	-	8
1.2 Payments for		
(a) staff costs	(103)	(409)
(b) advertising and marketing	(10)	(10)
(c) research and development	(16)	(260)
(d) leased assets	-	-
(e) other working capital	(84)	(343)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	15	81
1.5 Interest and other costs of finance paid	(2)	(8)
1.6 Income tax rebate received	32	32
1.7 Other – Grants received	-	-
Other - GST	4	(3)
Net operating cash flows	(164)	(911)

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(164)	(911)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property		
(d) physical non-current assets	(1)	(2)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	4
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	(1)	2
1.14 Total operating and investing cash flows	(165)	(909)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	106	1,053
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	106	1,053
Net increase (decrease) in cash held	59	144
1.21 Cash at beginning of quarter/year to date	2,014	1,811
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	1,955	1,954

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	32
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

The amounts paid in item 1.24 relate to payments for executive services, non-executive services, corporate advisory services provided by directors or associated parties.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Reconciliation of cash

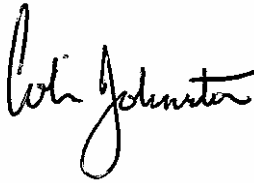
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	126	15
4.2 Deposits at call	1,829	1,999
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	1,955	2,014

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	-nil	-nil
5.2 Place of incorporation or registration	-nil	-nil
5.3 Consideration for acquisition or disposal	-nil	-nil
5.4 Total net assets	-nil	-nil
5.5 Nature of business	-nil	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
Company Secretary

Date: 31.07.2007

Print name: Colin Johnston

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a)- policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.