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

31 October 2011

#### **Appendix 4C Quarterly cash position**

The directors of BioProspect Limited, ASX BPO (the Company) wish to make the following comments in relation to the attached Appendix 4C:

- The September quarter's net operating cash burn of \$849,851 included over \$281,000 in non-recurring expenditure pertaining to the Re Gen Wellness products portfolio, with the majority of cash used in building up inventory levels.
- The Company lodged its 2011 tax return in late September and is expecting a tax credit of \$250,000 for the Research and Development tax offset; these funds are expected by the end of November 2011;
- As announced on 10 October 2011, the Company has initiated a review of all its corporate overheads with the first stage being the closure of the Brisbane office. The savings that will result from this decision took effect from 14<sup>th</sup> October and will be reflected in the December qtr 2011 Appendix 4C;
- Further cost saving initiatives are being reviewed and implemented by the Directors;
- At the Company's AGM to be held on 23 November, a resolution for pre approval of a placement to professional and sophisticated investors for up to 200,000,000 shares will be considered and the Company enjoys strong support by its major shareholders and brokers;
- The Company's 15% issuing capacity for future capital placements will also be restored to full entitlement at the Company's AGM.
- The Company has received a letter of support from the 2 major shareholders who participated in the convertible note issue that was announced on 29 August 2011, confirming they will provide another \$750,000 of funds, through the issue of further convertible notes to the Company if needed.

Yours sincerely,

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

**COLIN JOHNSTON**  
**Company Secretary**

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+ See chapter 19 for defined terms.

# 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 September 2011

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from customers	49	49
1.2 Payments for		
(a) staff costs	(181)	(181)
(b) advertising and marketing	(36)	(36)
(c) research and development	(115)	(115)
(d) leased assets	-	-
(e) other working capital	(688)	(688)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	27	27
1.5 Interest and other costs of finance paid	-	-
1.6 Income tax rebate received	-	-
1.7 Other – Grants received	50	50
Other - GST	44	44
<b>Net operating cash flows</b>	<b>(850)</b>	<b>(850)</b>

+ See chapter 19 for defined terms.

	Current quarter \$A'000	Year to date (3 months)
1.8 Net operating cash flows (carried forward)	(850)	(850)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property		
(d) physical non-current assets	(1)	(1)
(e) other non-current assets	(1,875)	(1,875)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(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)	-	-
<b>Net investing cash flows</b>	<b>(1,876)</b>	<b>(1,876)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(2,726)</b>	<b>(2,726)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	198	198
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- Issue of convertible notes	1,200	1,200
1.20 Other- Share issue costs	-	-
<b>Net financing cash flows</b>	<b>1,398</b>	<b>1,398</b>
<b>Net increase (decrease) in cash held</b>	<b>(1,328)</b>	<b>(1,328)</b>
1.21 Cash at beginning of quarter/year to date	1,718	1,718
1.22 Exchange rate adjustments to item 1.20	-	-
<b>1.23 Cash at end of quarter</b>	<b>390</b>	<b>390</b>

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**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

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**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	295
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
<p>The amounts paid in item 1.24 relate to payments for air travel bookings, provision of consulting services pertaining to information technology services, capital raisings, supply of conifer green needle complex (CGNC) and other raw materials provided by associated parties.</p>		

**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

Issue of shares (\$2,000k) and Options (\$162k) to shareholders of Frontier Gasfields Pty Ltd in consideration of 50% investment in Frontier as previously announced to the market. No funds were raised from the issue.

- 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

**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	-	-

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## Reconciliation of cash

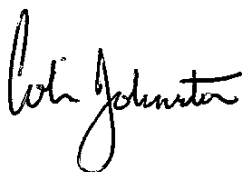
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	390	224
4.2 Deposits at call	-	1,494
4.3 Bank overdraft	-	-
4.4 Other (provide details) –cash security deposit	-	-
<b>Total: cash at end of quarter</b> (item 1.23)	390	1,718

## Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
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		

## 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: 31.10.2011

Print name: Colin Johnston

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**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.

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