

AGM Melbourne

5th November 2007



Last year's AGM summary

❑ Improve SP and Company Value by....

- Increasing current product and project value
 - TERMILONE commercialisation still on track for early 2010.
- Partnering with a similar company with new products.
- Attract institutional investment and commercial partners

❑ In order to....

- Support SP ahead of product commercialisation
- Position company for growth with the development of unique products.

Key achievements during 2006-2007

COMPANY

- ❑ SP moves from \$0.023 (29/11/2006) to \$0.040 (31/10/2007)
- ❑ Development agreement with Solagran Limited (22/08/2007).
- ❑ Significant funding (\$4.6m).
- ❑ 41.3% owned by the top 10 shareholders (16.6% at 30/11/2006).
- ❑ New board with Brisbane-based Chairman.
- ❑ Communications program initiated & ready for 2008.
- ❑ Product development progress on track

Achievements during 2006-2007

PROJECTS

TERMILONE

- Development agreements in place with UWS and Ensis/CSIRO
- Two EUP formulations developed and are at bioassay stage.
- Mammalian toxicity testing reveals no genotoxicity or mutagenicity
- Further mammalian tox work under way.
- Eco-toxicity work started.
- Analytical chemistry completed
- Geographic study started
- Manufacturing study in draft planning

Work for 2008

TERMILONE

- Expedite the registration of the whole oil (Eremophilone oil) to enable faster entry into the USA. This will be a change in the current strategy from a resource allocation and timing perspective.
- Enter into a development and commercialization agreement.
- Start field studies on the CS, TT and BT formulations.
- Complete all mammalian and eco-tox studies.
- Initiate commercial manufacturing trial.
- Time-line still on track

Why?



How Do You Plan To Grow Your Business?



Let show you how!



The leader in patented botanical pesticides

Achievements during 2006-2007

PROJECTS

Bioeffectives

- Agreement with Solagran Ltd, August 2007.
- Draft development plans in place, trials expected to start early 2008.
- Objective is to achieve product registrations with definitive claims to gain entry into the animal nutrition market followed by veterinary applications.
- Time-line expectation for animal products is shorter than human applications, may see products ready in 2-3 years time.



BioProspect Limited Presentation



BIOEFFECTIVES®

Work for 2008

BIOEFFECTIVES

What are they?

What can they do?

What are our objectives & how do we achieve them?

BIOEFFECTIVES®: WHAT ARE THEY?

- Bioeffectives® are biologically active galenical substances obtained using a patented technology that allows their isolation as balanced, synergistic complexes possessing high nutrient and therapeutic properties.
- They contain unique combinations of naturally sourced biochemical compounds that together provide animal health improvement at the metabolic level.
- It is the combination of these compounds and not individual ingredients or molecules that are responsible for this activity.



WHERE DO THEY COME FROM?

- Bioeffectives[®] are sourced from green conifer needles harvested as part of normal logging operations of trees like Norwegian spruce, Scotch pine and Siberian fir.
- Other coniferous trees can be used, making the international resource attractive and cheap.



WHAT IS UNIQUE ABOUT THEM?

- Highly bioactive components that act directly at the cellular level to improve metabolism, productivity and immunity in mammals.
- Their activity does not rely on one or a small number of active ingredients to deliver a benefit.
- Very low toxicological characteristics with no side-effects
- Relatively cheap and abundant source of supply
- High quality natural product



WHERE CAN THEY BE USED?

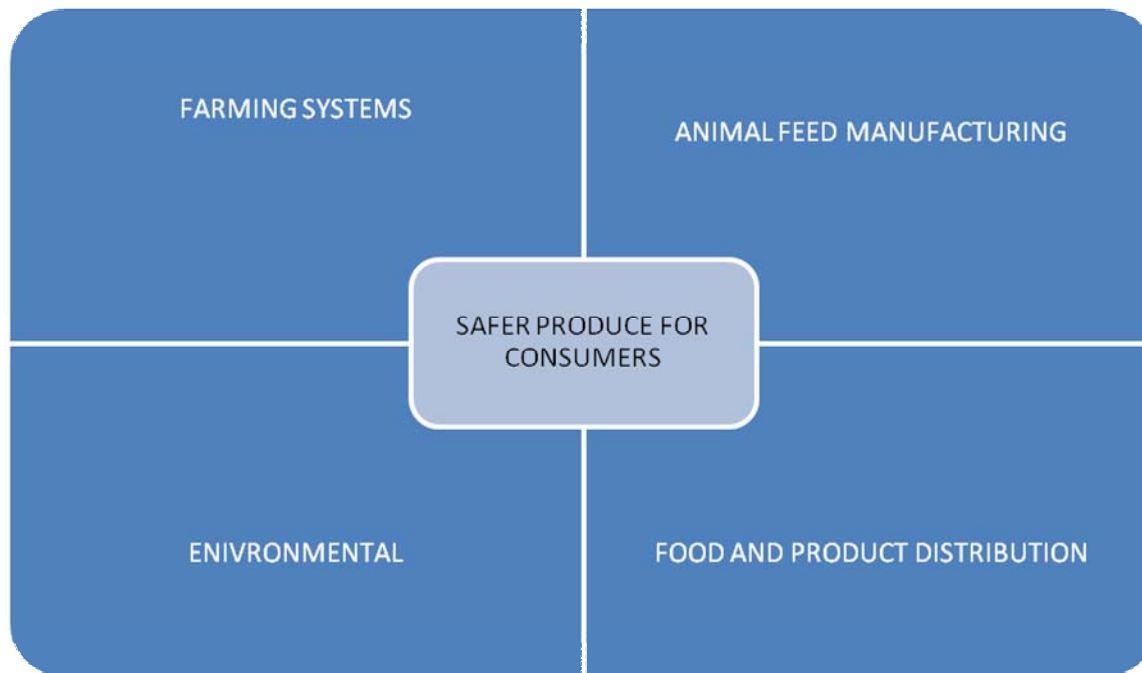
Human health (administered by Solagran Ltd)

- Australian listing as an anti-oxidant (Bioeffective A).
- Ropren[®] approval in Russia (chronic liver disease repair)
- Immunological, lipid metabolism and neurodegenerative disease applications.

Animal nutrition and health (administered by BioProspect Ltd)

- Animal feed additive for nutritional health applications.
- Disease resistance.
- Feed conversion efficiency.
- Potential veterinary applications.

KEY DRIVERS TO WHY BIOEFFECTIVES® ARE IMPORTANT AND SHOULD BE DEVELOPED.



FARMING SYSTEMS

- Demand for food increases with decreasing land available = intensive production facilities
- Intensive facilities predispose infections, disease and negative media on animal welfare
- Cost of production is high - lower cost inputs required
- Animal health products are expensive, have toxicological issues and some are losing their intended effect
- Production systems and products are highly monitored and regulated
- Product quality and cost is becoming the key factor in sustainable farming businesses

ANIMAL FEED MANUFACTURING

- Highly regulated industry dominated by big companies linked to distribution and raw material producers
- Require registered products, reluctant to risk product quality when opting for “cheaper” options
- Searching for alternative animal nutrition and health products that have low toxic effects to consumers and the animals because the

FOOD CHAIN issues are HOT

- Highly competitive

ENVIRONMENTAL

- Animal welfare very topical internationally
- Feed and product contamination issues are real
- “Green lobby” is powerful and has political and regulatory influence
- Some animal health products have environmental concerns. They can be passed down the food chain, predisposing resistance and off-target effects, in particular in humans.

FOOD AND PRODUCT DISTRIBUTION

- Are very aware of the market perceptions and realities associated with product quality
- Integrated with farmers and feed manufacturing companies
- Have some control over what consumers buy...marketing is very powerful
- Seek an edge over competition by producing better products for supermarket shelves



MARKET FIT FOR BIOEFFECTIVES®

- Given that trial work reveals an equivalence to existing synthetic products, what will be the unique attributes delivered by Bioeffectives® throughout the value chain?
- Consumers are demanding better quality food and animal products
- Antibiotic resistance is a major issue. Efficacy is limited and they need to be protected.
- Cost of animal feeds increasing
- Very low toxicity profile
- Human applications have made data available and sound
- R&D has a good history, new technology improves value
- Animal health and well-being is a major “consumer” issue

TARGET MARKET

- Global market for animal health products is \$US18.6 billion (2006)
- Growth is forecasted at 5% pa for the next 5 years
- 75% sales occur in Northern America and European Union
- USA accounts for 40% of total sales



PRODUCT CATEGORY

- Registered pharmaceutical products account for \$US12.7 billion
- Biological control products are \$US3.9 billion
- Medicated feed additives are \$US2.0 billion



NEW MARKET OPPORTUNITIES

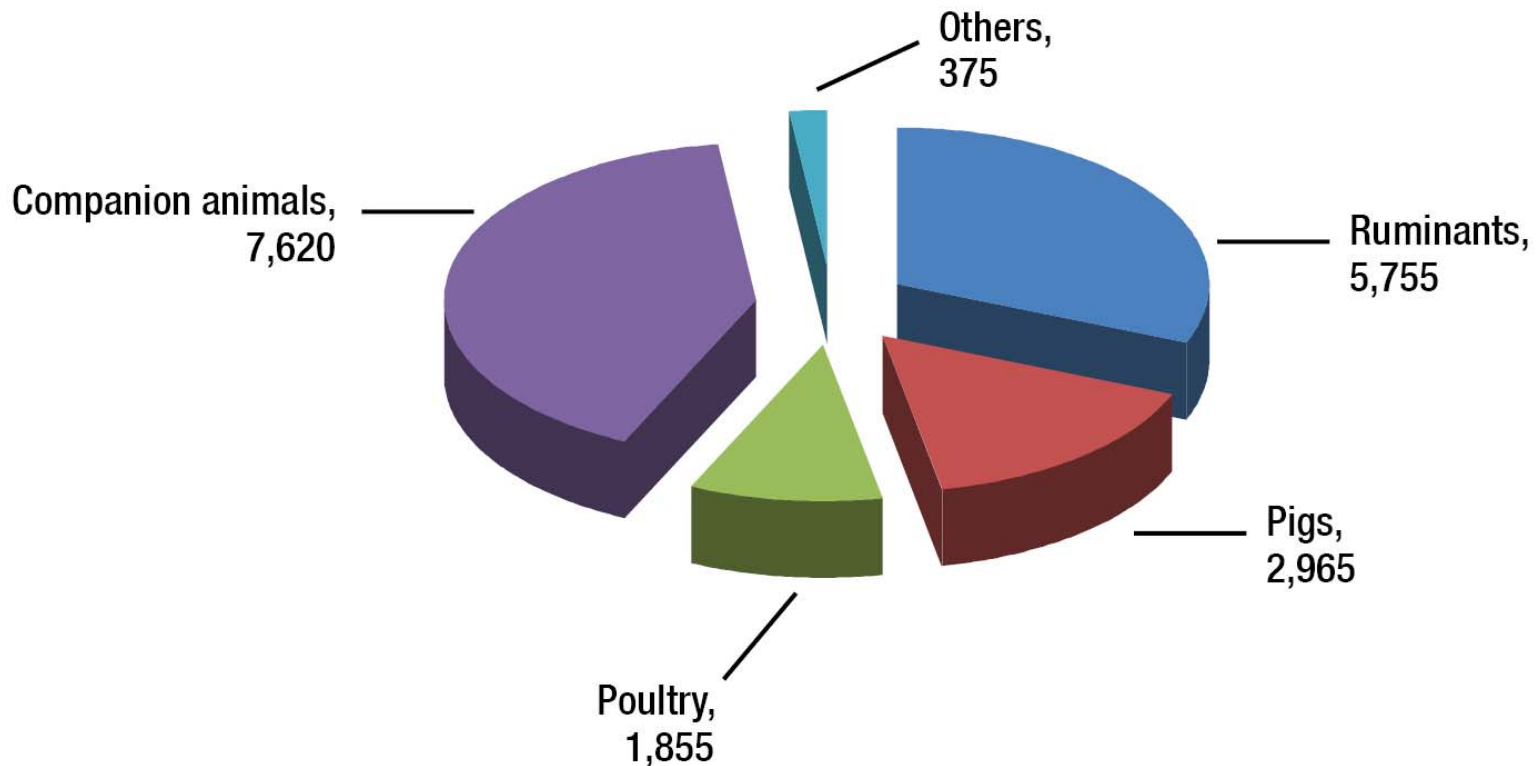
- Companion animal health “well-being” products
- Nutraceuticals
- Animal feed additives with no residual effect



WHAT IS THE SIZE OF THE MARKET?

World Market Structure by Species \$US million

Feed additives, medicated health supplements (AnimalPharma report 2007)



DEVELOPMENT REQUIREMENT FOR BIOEFFECTIVES®

- 2½ year program spending \$A3 million
- Starts November 2007 with preliminary screening trial on Bioeffectives® A and I
- Large-scale trials in Australia in early-mid 2008, screening trials in Europe and the USA late 2008
- Assessment of four other Bioeffectives® in late 2008
- Large-scale trials in Europe and the USA 2009
- Commercial scale feeding and animal health studies in 2009
- Regulatory data submissions in Australia, Europe and the USA late 2009

MAIN TRIAL REQUIREMENTS FOR BIOEFFECTIVES®

- Efficacy in accordance with international standards and current products.
- Toxicity rating under OECD and US EPA protocols
- Manufacturing Process and QC assurance
- Biochemical and Phytochemical description and analysis
- Assessment in monogastric and ruminant animals.

MESSAGE

New technology in botanical product discovery and development is now being recognised as sustainable for natural products and compounds.

A paradigm shift at the consumer, manufacturer, researcher and regulator levels is required to move forward at a greater rate than before.

BioProspect will be a part of this.

MESSAGE

BioProspect...how are we positioned to move forward?

- **Our projects/products are near commercial reality**
 - **They have clear and unique benefits**
- **There are multiple market opportunities with increasing demands**
- **Proof of concept and efficacy is evident**
- **Funding is available and tightly controlled**
- **Management is articulate and experienced in...**
 - **Product development**
 - **Finance**
 - **Partnering**
 - **Distribution**