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The Manager
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BIOPROSPECT ANNOUNCES LICENCE AGREEMENT WITH BIO-GENE TECHNOLOGY LIMITED WITH QCIDE

BioProspect Ltd (ASX: BPO) announced today that a licence agreement with Bio-Gene Technology has been signed.

Qcide is the name given to the oil that is extracted from an Australian tree called *Eucalyptus cloeziana*. The oil contains a chemical compound called Tasmanone which has been shown to be highly effective on a broad range of insects that include, domestic flies, ants and animal parasites like Buffalo Fly.

Key points of the agreement:

- BioProspect grants an exclusive licence to Bio-Gene to use the existing IP to develop and commercialise products containing Qcide (Tasmanone) on an international scale.
- Bio-Gene will initiate development work, grow-out and extraction programs to produce the natural oil and place it into market sectors where a naturally derived and low toxicity pesticide is required. This will cover both human and animal health market opportunities.
- Upon commercialisation, BioProspect will receive a royalty of 2.0% from gross sales of any product containing Qcide (Tasmanone).
- Bio-Gene pays an initial fee of \$100,000 to BioProspect.
- Bio-Gene will be responsible for all further development, IP/patent costs, Biodiscovery agreements and product registration.
- BioProspect will remain involved in assisting Bio-Gene with collaborations relating to research, oil extraction and registration requirements.

Bio-Gene is a West Australian company with expertise in, growing, harvesting and extracting compounds from Australian native plants. The company has previously produced an Essential oil from *Boronia megastigma*, a rare plant, which is endemic to the South West of Australia.

This oil is regarded as one of the finest and most expensive extracts in the world. Through collaboration with Southern Cross University, the West Australian Chemistry Centre and Western Flora, Bio-Gene has developed a practical, hands-on experience in farming and cultivating Australian Flora and possesses a unique knowledge in this field.

Bio-Gene has already instigated work on human hygiene applications and fabrics/textile sanitizers that contain Qcide.

This agreement permits a focused market specific approach on the compound by Bio-Gene using the existing toxicological and efficacy data that has been generated by BioProspect. This is a good outcome for both companies and the product.

Work conducted last year for BioProspect by a scientific collaborator revealed encouraging results on synthetic pyrethroid resistant Buffalo Flies (*Haematobia irritans exigua*). Flies of this nature are undesirable pests for feedlot and dairy cattle in countries like Australia and the USA. A compound that can be administered directly to cattle and their environment with little or no side effects down the food chain could be an important breakthrough for both companies.

Yours sincerely

A handwritten signature in black ink, appearing to read "Colin Johnston". The signature is written in a cursive style with a large initial "C".

Colin Johnston
Company Secretary