



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

23 October 2008

Dear Shareholder,

At BioProspect's Annual General Meeting (**AGM**) in Melbourne on 26 November 2008, you will be asked to vote in person or by proxy on a resolution proposed by Solagran Limited (**Solagran**), a shareholder with 6.64% of the issued capital of BioProspect Limited (**Company**). The resolution (no. 7) is for my removal as Director and non-executive Chairman of your Company in accordance with Section 249D of the *Corporations Act*.

The accompanying Notice of AGM includes an Explanatory Memorandum stating the reasons for requesting my removal. In that Explanatory Memorandum, Solagran has made various allegations against me.

I refute the allegations but do not believe it is appropriate to go into details given the size of Solagran's shareholding and the basis for their action. What I would like to comment on is where BioProspect is currently positioned with its exciting products, and the role of management (including myself moving forward if retained).

One of the ASX Principles is that the Board of a listed entity should add value to the company. The ASX maintains that the Board can do that by, amongst other things, exercising 'independent judgment'. This ASX Principle highlights the importance of having independent directors on the Company's Board. The presence of independent directors ensures that the Company's Board is free of any business relationships that could materially interfere with the independent exercise of its collective judgment. It is a less than desirable situation for BioProspect not to have a majority of independent directors on its Board, which would happen if I was removed.

The current CEO, Peter May and myself have developed a critical 12 month plan with regard to the Companies flagship Termilone product which aims to see the product registered with the APVMA and ready to be commercialised with major international joint venture partners. If Solagran Limited want to call for my removal based on comments made to a journalist prior to the current Solagran representatives being on the Board that is their prerogative but I would suggest that it is in the Company's best interest to allow the current team in Brisbane to see through the Termilone commercialisation plan.

I believe that I have the attributes and experience to provide the necessary independent leadership of the Company, particularly at this time of world wide financial uncertainty. I am currently Chairman on the Boards of several companies with involvement in agriculture and technology, areas that have direct relevance to the target markets of the Company's products.

Being Brisbane-based I have been able to establish a close working relationship with Company staff which has contributed to operational effectiveness as well as providing regular input and support to the strategic direction of the Company. The recent feature of BioProspect on Today Tonight (Channel 7, Queensland) - see www.bioprospect.com is testament to the credibility we have achieved to date.

As set out in the Annual Report, since I have been Chairman the Company has made significant progress in the project areas of TERMILONE, Q-CIDE and BIOEFFECTIVES. Application for registration of the TERMILONE whole oil has been submitted to the APVMA. This is the culmination of years of work and expenditure of several million dollars, with the active involvement of collaborators such as the CSIRO, Southern Cross University and the University of Western Sydney. The licencing of Q-CIDE to Bio-Gene has been completed that will bring focus to this product as well as potential royalty payments to the Company.

The evaluation of BIOEFFECTIVES in animal health and nutrition has been progressed with encouraging results in poultry and horses. I believe that Solagran's BIOEFFECTIVE products have enormous potential and

our current management team have a number of opportunities to develop and pursue. The Company is at a critical stage of the TERMILONE project, with decisions being made now that will impact on the future success of this promising range of products. The Company is continuing to evaluate and develop BIOEFFECTIVES, a range of products which is seen as complementary to the Company's existing products as well as utilising the core skills of both staff and our collaborator network. It is imperative that this momentum be continued without changes in Board structure.

For the reasons I have outlined above, I strongly urge you to vote against Resolution 7 and allow your Board to remain independent and continue to progress prudent research and development of the Company's products through to commercialisation.

I look forward to your support.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Steve Morrow', with a large, stylized initial 'S'.

Steve Morrow

Chairman

BIOPROSPECT LIMITED

ABN 58 008 130 336

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM

PLACE: Hotel Charsfield, Webb Room,
478 St Kilda Road, Melbourne Victoria

DATE: Wednesday 26 November 2008

TIME: 1.30 pm

IMPORTANT INFORMATION

*This is an important document that should be read in its entirety.
If you do not understand it you should consult your professional advisers without delay.*

**NOTICE OF ANNUAL GENERAL MEETING
BIOPROSPECT LIMITED
ABN 58 008 130 336**

Notice is hereby given that the Annual General Meeting of members of the Company will be held at the Hotel Charsfield, Webb Room, 478 St Kilda Road, Melbourne, Victoria, on Wednesday 26 November 2008 at 1.30 pm.

AGENDA

ORDINARY BUSINESS:

1. Financial Statements and Reports

To receive the Financial Report and the Reports of the Directors and of the Auditor for the financial year ended 30 June 2008.

2. Remuneration Report

To consider, and if thought fit, pass the following resolution as an **ordinary resolution**:

“That the Remuneration Report that forms part of the Directors Report for the Company for the financial year ended 30 June 2008 be adopted.”

The Remuneration Report is set out on pages 24 to 29 of the Annual Report.

Please note that the vote on this item is advisory only and does not bind the Directors or the Company.

3. Re-election of Directors

To elect a director in accordance with Articles 3.3 and 3.6 of the Company’s Constitution:

- (a) *Mr Peter Landau retires by rotation and offers himself for re-election;*
- (b) *Mr Peter Stedwell having been appointed to the Board since the last Annual General Meeting of the Company retires and offers himself for election;*
- (c) *Mr Charles Pellegrino having been appointed to the Board since the last Annual General Meeting of the Company retires and offers himself for election.*
- (d) *Mr Anthony Langdon having been appointed to the Board since the last Annual General Meeting of the Company retires and offers himself for election.*

4. Change of Auditors

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Section 327B of the Corporations Act and for all other purposes, Cranstoun & Hussein, 102 Adelaide Street, Brisbane having been nominated and consented, be appointed as auditors of the Company with effect from the end of this meeting and the Directors be authorised to set their remuneration.”

5. Removal of Director-Section 249D (1) (a) of the Corporations Act

The company having been given notice from a shareholder with more than 5% of the votes that may be cast at a general meeting, has decided to consider the following resolution at this meeting. Under Section 203D of the Corporations Act, the shareholder is proposing the following resolution:

“That Mr Stephen Morrow be removed as a Director and non-executive Chairman of the company.”

OTHER BUSINESS

To transact any other business which may be brought forward in conformity with the Company’s Constitution.

PROXY INSTRUCTIONS

A member who is entitled to vote at a meeting may appoint:

- One proxy if the member is only entitled to one vote; or
- One or two proxies if the member is entitled to more than one vote.

Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the member's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes in which case any fraction of votes will be disregarded.

The proxy form (and the power of attorney or other authority, if any, under which the proxy is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be lodged at or sent by facsimile transmission to the Company's office at **Suite 7A, Level 3, 320 Adelaide Street, Brisbane Queensland 4000 or facsimile number (07) 3229 4655** not less than 48 hours before the time for holding the Annual General Meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

The proxy form must be signed (or otherwise authenticated in a manner prescribed by the Corporations Regulations) by the member or their attorney duly authorised in writing or, if the member is a corporation, in a manner permitted by the Corporations Act. Proxies given by foreign companies must be executed in accordance with the laws of their place of incorporation. The proxy may, but need not, be a member of the Company. A proxy form is attached to this Notice.

VOTING INSTRUCTIONS

BioProspect Limited (as convener of the Meeting) has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of members as at 1.30 pm (EST) on 24 November 2008. This means that any holder registered at 1.30 pm (EST) on 24 October 2008 is entitled to attend and vote at the Meeting.

By Order of the Board



COLIN JOHNSTON
Company Secretary

Dated: 20 October 2008

EXPLANATORY MEMORANDUM

This Explanatory Memorandum and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Memorandum or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

1. **General Information**

This Explanatory Memorandum has been prepared for the shareholders of the Company in connection with the Annual General Meeting of the Company to be held on Wednesday 26 November 2008.

The purpose of this Explanatory Memorandum is to provide shareholders with information that the Board believes to be material to shareholders in deciding whether or not to approve the above resolutions detailed in the Notice.

2. **Financial Statements and Reports**

The BioProspect Annual Report 2008 has been made available to shareholders and can be found on the Company's website (www.bioprospect.com). During this item there will be an opportunity for shareholders at the meeting to comment on and ask questions about BioProspect's management, operations, financial position and business strategies.

3. **Resolution 1-Remuneration Report**

During this item, there will be an opportunity for shareholders at the meeting to comment on and ask questions about the Remuneration Report which commences on page 24 of the BioProspect Annual Report 2008.

The vote on the proposed resolution is advisory only and will not bind the Directors of the Company, however, the board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

The Board recommends that shareholders vote in favour of this resolution.

4. **Resolutions 2 to 5-Re-election of Directors**

Mr Peter Landau

Article 3.6 of the Company's Constitution requires that one third (or if that is not a whole number, the whole number nearest one third) of the Directors, (excluding those Directors who were appointed during the year), must retire at the next Annual General Meeting. Accordingly, Mr Peter Landau retires by rotation and being eligible, offers himself for re-election pursuant to Resolution 2.

A profile of Mr Peter Landau is contained in the Company's Annual Report for the year ended 30 June 2008.

Mr Peter Stedwell, Mr Charles Pellegrino and Mr Anthony Langdon

Article 3.3 of the Company's Constitution requires that a Director that has been appointed since the last Annual General Meeting, must automatically retire at the next Annual General Meeting and is eligible for re-election by that General Meeting.

Mr Peter Stedwell was appointed a Director on 1 September 2008 and in accordance with Article 3.3 of the Company's Constitution, holds office only until the Annual General Meeting. Therefore, Mr Peter Stedwell retires and offers himself for election pursuant to Resolution 3.

Mr Charles Pellegrino was appointed a Director on 1 September 2008 and in accordance with Article 3.3 of the Company's Constitution, holds office only until the Annual General Meeting. Therefore, Mr Charles Pellegrino retires and offers himself for election pursuant to Resolution 4.

Mr Anthony Langdon was appointed a Director on 1 September 2008 and in accordance with Article 3.3 of the Company's Constitution, holds office only until the Annual General Meeting. Therefore, Mr Anthony Langdon retires and offers himself for election pursuant to Resolution 5.

The Board recommends that shareholders vote in favour of the election of Mr Peter Landau, Mr Peter Stedwell, Mr Peter Pellegrino and Mr Anthony Langdon.

5. Resolution 6-Change of Auditors

Ernst & Young have been auditors of BioProspect Limited since the Company was listed on the ASX in 2001. The Directors have been very pleased with the quality of audit and other services provided by Ernst & Young over the last 7 years. BioProspect has gone through the recent transition to International Financial Reporting Standards with expert guidance from Ernst & Young, but now the Directors recommend that the Company be audited by a second tier auditing firm for the following reason:

- The Company needs to manage all of its fixed costs in order to focus on its development programs and as such there will be significant saving to the Company on future audit fees and other associated services.

During June and July, the Company tendered the audit and other services to four companies and Ernst & Young were not successful. As such Ernst & Young have given notice in writing to the Company of its intention to resign as auditor of the Company under section 329(5) of the Corporations Act. This is subject to receipt of the consent of ASIC and Shareholder approval of Resolution 6 for the appointment of Cranstoun & Hussein as auditor of the Company.

Matthew Kealley as a member of the Company, has nominated the firm Cranstoun & Hussein, 102 Adelaide Street, Brisbane, Queensland to act as auditors of the Company and its controlled entities with effect from the end of this Meeting. Contained in Schedule 1 to this Notice of Meeting is a nomination form, signed by Matthew Kealley, in accordance with section 328B of the Corporations Act 2001. Cranstoun & Hussein has consented to act as the Company's auditors.

Under the Corporations Act 2001, the resignation of an auditor is subject to approval by the ASIC and appointment of a new auditor is subject to approval at an Annual General meeting. Accordingly Ernst & Young have sought ASIC approval to resign and Cranstoun & Hussein has been nominated and consented to be appointed as auditor.

The Board recommends that shareholders vote in favour of this resolution.

6. Resolution 7-Removal of Director

6.1 Background

Under Section 249D (1) (a) of the Corporations Act, if a Company receives a notice from a shareholder that holds more than 5% of votes to call a general meeting, the company must arrange a general meeting within 60 days of receiving such notice. Accordingly BioProspect has been able to time this meeting with the Annual General Meeting.

The notice received from the shareholder is relevant to Section 203D (1) '**Removal by members-public companies**'. The resolution sought is as follows: "*That in accordance with Section 203D of the Corporations Act, Mr Stephen Morrow be hereby removed as a Director and non-executive Chairman of the company.*"

Please refer to the Explanatory Memorandum provided by Solagran Limited on page 6.

6.2 Director's right to put case to members

Section 203D (4) *Director's right to put case to members, states:*
"the Director is entitled to put their case to members by:

- *Giving the company a written statement for circulation to members; and*
- *Speaking to the motion at the meeting(whether or not the director is a member of the company)"*

Accordingly, Mr Stephen Morrow has provided a covering letter of response which has been provided with this Notice of Annual General Meeting for you to consider. Mr Morrow will also speak ahead of the motion at the Annual General meeting.

7. OTHER INFORMATION

Should any Shareholder be in doubt as to how they should vote on those Resolutions and/or as to how they may affect them, Shareholders should seek advice from their stockbroker, accountant, solicitor or other professional adviser as soon as possible.

Queries as to the lodgement of proxies and other formalities in relation to the Meeting should be directed to the Company Secretary (telephone: (07) 3229 5755) or 0408 766 657

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Attached to the Notice of Meeting accompanying this Explanatory Memorandum is a proxy form for use by shareholders. All shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person and are eligible to vote, to complete, sign and return the proxy form to the Company in accordance with the instructions contained in the proxy form and the Notice of Meeting. Lodgement of a proxy form will not preclude a shareholder from attending and voting at the Meeting in person.

EXPLANATORY MEMORANDUM –Resolution 7

This explanatory memorandum has been prepared by Solagran Limited (ASX: SLA) for the information of shareholders of the Company.

The resolution is being put to the Company at the request of Solagran Limited, being a shareholder which holds at least 5% of the votes of the Company pursuant to Section 249D (1) (a) of the Corporations Act. Section 249D required the Directors of the Company to call a meeting at the request of members holding at least 5% of the votes.

The purpose of this explanatory memorandum is to provide information which Solagran Limited believes to be material to shareholders in deciding whether to pass or reject the resolution. The explanatory memorandum should be read in conjunction with the attached article (Schedule 2) which appeared in the Age Newspaper dated 21 September 2008 titled ‘*Cop in Murder probe ‘threat’ written by Mark Hawthorne (“Article”)*’.

The third last and second last paragraphs of the Article (as quoted) refer to comments made by Mr Steve Morrow (Director and non-executive Chairman of the Company) regarding:

- Solagran Limited;
- Confidential decisions made by the Board of Directors of the Company;
- Mr Peter Stedwell (a non-executive director of the Company and a Director and secretary of Solagran Limited); and
- Mr Charles Pellegrino (incorrectly referred to as “Peter Pellegrino”) (a non-executive Director of the Company and a Director of Solagran Limited).

Mr Morrow’s comments to The Age newspaper constitute a clear breach of confidentiality of the Board of the Company. Furthermore, Mr Morrow’s comments constitute a breach of his duties as Director of the Company under the general law and the Corporations Act as follows:

- Section 183-Use of Information: Mr Morrow has improperly used information which he obtained because he is a Director of the Company which has caused detriment to the Company by way of the bad publicity contained in the Article.
- Section 180-Care and Diligence: By disclosing confidential information of the Company to the Age newspaper, Mr Morrow has failed to discharge his duties as a Director with the requisite degree of care and diligence.
- Section 181-Good Faith: By disclosing confidential information of the Company to the Age newspaper, Mr Morrow has failed to discharge his duties as a director in good faith in the best interests of the Company and for a proper purpose.

Solagran Limited believes that the actions of Mr Morrow have caused detriment to the Company, Solagran Limited, Mr Stedwell and Mr Pellegrino and accordingly Mr Morrow should be removed as the non-executive chairman and a Director of the Company.

We strongly urge all shareholders to vote in favour of this resolution.

SCHEDULE 1 - AUDITOR NOMINATION

19 August 2008

BioProspect Limited
Suite 7A, level 3
320 Adelaide Street
Brisbane QLD 4000

Dear Sir

I, Matthew Kealley, being a member of BioProspect Limited hereby nominate Cranstoun & Hussein of 102 Adelaide Street, Brisbane, Queensland for appointment as auditor of the company and its controlled entities at the annual general meeting convened for 26 November 2008.

Please distribute copies of this notice as required by Section 328B (3) of the Corporations Act 2001.

Yours faithfully

A handwritten signature in black ink, appearing to read 'M Kealley', written in a cursive style.

Matthew Kealley

SCHEDULE 2

Relevant paragraphs taken from the Article titled “Cop in Murder Probe ‘threat” dated 21 September 2008 written by Mark Hawthorne which appeared in the Age newspaper.

BioProspect executive chairman Steve Morrow said the challenge from Mr Khouri came when the board refused to buy shares in listed company Solagran – another company Mr Khouri is an investor in and is a consultant to.

A deal was eventually struck with Mr Khouri, and Senior Sergeant Langdon became a director – along with two Solagran directors, Peter Stedwell and Peter Pellegrino.

BIOPROSPECT LIMITED
ABN 58 008 130 336

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 Directors of the Company;
 - a Director and a Company Secretary of the Company; or
 - for a proprietary Company that has a sole Director who is also the sole Company Secretary – that Director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act 2001 a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole Director and sole Company Secretary of the Company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign (or otherwise authenticate it in a manner prescribed by the Corporations Regulations) the proxy form enclosed with this Notice of General Meeting as soon as possible and either:
 - send the proxy form by facsimile to the Company on facsimile number (07) 3229 4655; or
 - scan the document and e-mail to col.johnston@bioprospect.com; or
 - send to the Company at Suite 7A, Level 3, 320 Adelaide Street, Brisbane, Queensland 4000; or
 - deliver it to the Company at Suite 7A, Level 3, 320 Adelaide Street, Brisbane, Queensland.

so that it is received no later than 1.30pm (EST) on 24 November 2008.

