



ACN 008 130 336

PROSPECTUS

Subject to the terms of the Offer, a non renounceable rights issue offer of:

- (a) one (1) Rights Share for every two (2) Shares held at the Record Date at an Issue Price of 0.5 cent per Rights Share with a free attaching New Option (exercisable at 3 cents on or before 31 December 2013) for every Rights Share purchased; and
- (b) one (1) Loyalty Option (exercisable at 3 cents on or before 31 December 2013) for every two (2) Shares held at the Record Date at an Issue Price of 0.1 cent per Loyalty Option.

The Offer closes at 5.00pm AEDT on 24 November 2010

The Offer is fully underwritten by:

Novus Capital Limited ABN 32 006 711 995

This document is important and requires your immediate attention.

Applicants should read this Prospectus in its entirety before deciding whether to apply for the Rights Shares and Loyalty Options. An investment in the New Securities offered by this Prospectus should be considered as speculative.

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IMPORTANT NOTICE

This Prospectus is dated 26 October 2010. A copy of this Prospectus was lodged with ASIC on the same date. Neither ASIC nor the ASX takes any responsibility for the contents of this Prospectus. The Expiry Date of this Prospectus is the date which is 13 months after the date of this Prospectus. No New Securities will be allotted or issued on the basis of this Prospectus later than the Expiry Date.

BioProspect Limited will not accept Applications for New Securities under this Prospectus until 10 November 2010.

This Prospectus does not constitute an offer in any place where, or to any person to whom, it would not be lawful to make such an offer. The Offer of New Securities under this Prospectus is made to Australia and New Zealand investors only. The distribution of this Prospectus in jurisdictions outside the Commonwealth of Australia or New Zealand may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

The fact that ASX may grant Official Quotation of the Rights Shares, Loyalty Options and New Options (New Securities) should not be taken in anyway as an indication of the merits of the Company or the New Securities.

The Company will apply for Official Quotation of the New Securities offered under this Prospectus within 7 days of the date of this Prospectus. In the event of exercise of a Loyalty Option or New Option the Company will apply for Official Quotation of the Shares within three (3) Business Days of the date of issue of the Shares.

The Company is admitted to the Official List of the ASX and its Shares are continuously quoted securities in the terms of section 713 of the Corporations Act.

This Prospectus provides information for Eligible Shareholders to decide if they wish to take up their Entitlement and should be read in its entirety. If, after reading this Prospectus, you have any questions about the Offer please contact your stockbroker, accountant or other professional adviser.

If you are entitled as a Eligible Shareholder to apply for Rights Shares, New Options and Loyalty Options pursuant to the Offer, your personalised Entitlement and Acceptance Form accompanying this Prospectus shows the number of Rights Shares, New Options and Loyalty Options for which you are entitled to apply.

Applications for New Securities cannot be accepted until 7 days after the lodgement of this Prospectus with ASIC. ASIC may extend this 7 day period by a further period of up to 7 days. Applications for Rights Shares, New Options and Loyalty Options under the Offer may only be made by forwarding a complete personalised Entitlement and Acceptance Form to the Company, or by Bpay in accordance with the directions on your Entitlement and Acceptance Form. As the Offer is non-renounceable, Shareholders do not have the right to sell their Entitlements. Shareholders have the opportunity to subscribe for all, part or none of their Entitlement to Rights Shares, New Options and Loyalty Options under the Offer.

It is important that Shareholders intending to accept their Entitlement (or part thereof) take action as described in section 4 of this Prospectus.

Defined terms and abbreviations used in the Prospectus are explained in the Definitions section. All financial amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated.

New Zealand investor warning statement

The following disclosure is provided under regulation 13 Securities (Mutual Recognition of Securities Offerings - Australia) Regulations 2008 (NZ).

General

- (a) This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.
- (b) This Offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made.
- (c) There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.
- (d) The rights, remedies and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies and compensation arrangements for New Zealand securities.
- (e) Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.
- (f) The taxation treatment of Australian securities is not the same as for New Zealand securities.
- (g) If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

Offer not in NZ dollars

- (a) The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to the changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
- (b) If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars'

Traded on a financial market

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

THE AIM OF THE OFFER

The aim of the Offer is to raise sufficient funds to allow the Company to complete critical development and commercialisation projects with *AGRIPRO*[™] products including *GI-Guard*[®] Oral Paste (95% Conifer Green Needle Complex (CGNC)) for gastro intestinal care in horses including treatment for EGUS (equine gastric ulcer syndrome) and *AGRIPRO*[™] Topical Gel (7.5% CGNC) for wound treatment in horses. Funds will also be applied to the *REGEN*[™] range of human therapeutic and skin care products, for seeking new business opportunities and for other working capital purposes.

Funds raised through this Offer will be applied as follows:

• <i>AGRIPRO</i> [™] product development & commercialisation	\$565,000
• Re Gen Wellness Products development, advertising, marketing	\$415,000
• Other working capital requirements consisting of;	
1. Salaries, wages, director's fees;	\$280,000
2. Legal, auditing and consulting fees;	\$161,000
3. Share registry, ASX listing fees;	\$37,000
4. Potential acquisitions	<u>\$ 200,000</u>
Total	<u>\$1,658,000</u>

Funds are to be raised by offering all Eligible Shareholders recorded on the Company's share register, as at 7pm (AEDT), 4 November 2010 ('Record Date') the opportunity to acquire one (1) Rights Share for every two (2) Shares they hold. For every Rights Share purchased, Eligible Shareholders will be issued a bonus New Option for free. Eligible Shareholders will also be offered the opportunity to acquire one (1) Loyalty Option for every two (2) Shares they hold for a price of 0.1 cent.

The Loyalty Options and New Options will be quoted on the ASX and consequently will be able to be traded on market.

KEY DETAILS

Rights Shares

Rights Share Issue Price	0.5 cent per Share
Entitlement	1 Rights Share for every 2 Shares held
Maximum no. of Rights Shares offered under this Prospectus	318,556,782
Amount to be raised (before Offer Costs)	\$1,592,784

New Options

New Option Issue Price	Nil –free attaching option
Exercise Price	3 cents per Option
Expiry Date	31 December 2013
Entitlement	1 Option for every Rights Share purchased
Maximum no. of New Options offered under this Prospectus.	318,556,782
Amount to be raised (before Offer Costs)	Nil –free attaching option

Loyalty Options

Loyalty Option Issue Price	0.1 cent
Exercise Price	3 cents per Option
Expiry Date	31 December 2013
Entitlement	1 Option for every 2 Shares held
Maximum no. of Loyalty Options offered under this Prospectus.	318,556,782
Amount to be raised (before Offer Costs)	\$318,557

KEY DATES

Announcement of the Offer	26 October 2010
Ex Date – date from which Shares commence trading without the entitlement to participate in the Offer	28 October 2010
Record Date – the date you need to be a registered holder of Shares to be entitled to participate in this Offer	7pm AEDT, 4 November 2010
Offer opens and Prospectus despatched	10 November 2010
Closing Date and latest time for payment in full	5pm AEDT 24 November 2010
New Securities quoted on deferred settlement basis	25 November 2010
Allotment of Rights Shares, Loyalty Options and New Options	1 December 2010
Despatch of holding statements	2 December 2010
Anticipated date of Official Quotation of New Securities	7 December 2010

LETTER FROM THE CHAIRMAN

Dear Shareholder

As announced to ASX on 19 October 2010, the Company proposes to raise approximately \$1.91m million by way of a non renounceable rights issue of one (1) Rights Share for every two (2) held and a separate offer of one (1) Loyalty Option for every 2 Shares held for an Issue Price of 0.1 cent. In addition, for every Rights Share purchased, Shareholders will be issued one (1) bonus New Option for free.

The Offer is fully underwritten by Novus Capital Limited.

The Closing Date for acceptances and payment is 5.00pm AEDT on 24 November 2010.

The purpose of this capital raising is to provide funding for critical development and commercialisation projects with *AGRIPRO*[™] products including *GI-Guard*[®] Oral Paste (95% Conifer Green Needle Complex (CGNC)) for gastro intestinal care in horses including treatment for EGUS (equine gastric ulcer syndrome) and *AGRIPRO*[™] Topical Gel (7.5% CGNC) for wound treatment in horses. Funds will also be applied to the *REGEN*[™] range of human therapeutic and skin care products, potential acquisitions in the animal health and nutrition segment and for other working capital purposes.

Please read the Prospectus carefully and consult your financial advisor, accountant or stockbroker before deciding whether or not to subscribe under the Offer.

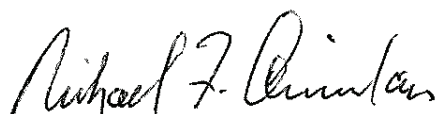
This Prospectus contains information about BioProspect operations, financial position and future plans. It also outlines potential risks associated with this investment. We encourage you to read this document carefully before making your investment decision.

We believe our strategic pathway to commercialisation is realistic and achievable. Your Board is enthusiastic about the future of BioProspect and we commend the Offer for your consideration.

If you wish to subscribe for New Securities, please complete and return the accompanying Entitlement and Acceptance Form to Computershare Investor Services Pty Limited, together with a cheque or bank draft made payable to BioProspect Limited Rights Issue Account and crossed 'Not Negotiable'. Alternatively you can pay your Application Monies via Bpay by following the instructions on the Entitlement and Acceptance Form.

We look forward to the continued growth and success of the Company.

Yours sincerely



Dr Michael Quinlan

Chairman

1 OFFER SUMMARY

This summary is not intended to provide full details of the Offer. Shareholders should read this Prospectus in full to make a fully informed investment decision. Details of recent announcements are set out at section 7.2 of this Prospectus.

1.1 Overview of the Offer

The following should be read subject to the more detailed information in this Prospectus. In particular, some of the key risk factors of an investment in BioProspect are detailed in section 3. In summary:

- The Offer is an opportunity to acquire Loyalty Options at 0.1 cent each and Rights Shares at 0.5 cent each;
- For every Rights Share purchased, Shareholders will be issued one bonus New Option for free;
- Proceeds from the Offer will be used primarily to fund the ongoing development and commercialisation programs and other working capital purposes;
- No Brokerage or stamp duty will be payable on the issue of the Loyalty Options, New Options or Rights Shares;
- Any Shortfall on the issue of the Loyalty Options and Rights Shares will be taken up by the Underwriters.

1.2 Effect on capital structure:

	Current	Adjustments	Total
Shares (quoted)			
Existing	637,113,565		
Rights Issue		318,556,782	
			955,670,347

Existing Options (5 cents 31/12/13)	Current	Adjustments	Total
Existing	29,248,571		29,248,571

Loyalty Options (3 cents 31/12/13)	Current	Adjustments	Total
Existing			
Rights Issue		318,556,782	318,556,782

New Options (3 cents 31/12/13)	Current	Adjustments	Total
Existing	74,000,000		
Rights Issue		318,556,782	392,556,782

1.3 Important dates:

Announcement of Offer	26 October 2010
Application for Official Quotation (Appendix 3B)	26 October 2010
Lodgement of Prospectus with ASIC and ASX	26 October 2010
Notice sent to security holders	27 October 2010
Shares quoted on an "EX RIGHTS" basis by the ASX	28 October 2010
Record Date for determining entitlements	4 November 2010 7pm (AEDT)
Dispatch of Prospectus	10 November 2010
Opening Date	10 November 2010
Closing Date	24 November 2010 5 pm (AEDT)
New Securities quoted on a deferred settlement basis	25 November 2010
Notification given to ASX of under subscriptions	29 November 2010
Dispatch of Holding Statements	2 December 2010
Anticipated date of Official Quotation of New Securities	7 December 2010

These dates are indicative only. BioProspect Limited reserves the right, subject to the Corporations Act and Listing Rules, to vary the dates and times of the Offer, without prior notice, including closing the Offer before the scheduled Closing Date.

The Offer of New Securities is restricted to Eligible Shareholders who are registered as Shareholders at the Record Date. Eligible Shareholders must be recorded in the Company's share register as having an address in Australia or New Zealand. The number of Rights Shares, New Options and Loyalty Options which Shareholders are entitled to, are shown on the accompanying Entitlement and Acceptance Form.

Applications for New Securities under the Offer can only be made by completing the Entitlement and Acceptance Form in full, in accordance with the instructions on it, and returning it to the Company as directed.

The Offer is scheduled to close at 5pm AEDT on 24 November 2010. Entitlement and Acceptance Forms must be received by that time by the Company, together with a cheque or bank draft in Australian currency drawn on an Australian branch of a financial institution for the amount of the Application. Alternatively, Applicants can pay by Bpay to the Computershare Investor Services Pty Limited's bank account on or before this time.

1.4 Description of the Offer

Eligible Shareholders can apply for:

- Rights Shares where a free attaching New Option will issue for every Rights Share purchased; and/or
- Loyalty Options.

Loyalty Options

The Company is offering 318,556,782 Loyalty Options to Eligible Shareholders of the Company who are registered Shareholders at the Record Date.

The Loyalty Options are being offered on the basis of one (1) Loyalty Option for every two (2) Shares held at the Record Date at an Issue Price of 0.1 cent per Loyalty Option. The Offer of Loyalty Options under this Prospectus is restricted to Eligible Shareholders of the Company who are registered as at the Record Date.

The number of Loyalty Options to which you are entitled as an Eligible Shareholder is shown on the accompanying Entitlement and Acceptance Form.

By example, if an Eligible Shareholder owns 10,000 Shares, the Eligible Shareholder will be entitled to apply for 5,000 Loyalty Options under this Offer.

Any Entitlement to Loyalty Options which are not applied for by Eligible Shareholders by the Closing Date will become Shortfall. The Company and the Underwriter will deal with any Shortfall in accordance with the Underwriting Agreement.

Rights Shares

The Company is also offering 318,556,782 Rights Shares to Eligible Shareholders at the Company who are registered Shareholders at the Record Date.

The Rights Shares are being offered on the basis of one (1) Rights Share for every two (2) Shares held at the Record Date at an Issue Price of 0.5 cent per Rights Share, with one (1) free attaching New Option (exercisable at \$0.03 on or before 31 December 2013).

The number of Rights Shares to which you are entitled as an Eligible Shareholder is shown on the accompanying Entitlement and Acceptance Form.

By example, if an Eligible Shareholder owns 100,000 Shares, the Eligible Shareholder will be entitled to apply for 50,000 Rights Shares and receive 50,000 New Options under this Offer.

Any Entitlement to Rights Shares which are not applied for by Eligible Shareholders by the Closing Date will become Shortfall. The Company and the Underwriter will deal with any Shortfall in accordance with the Underwriting Agreement.

Up to \$1.911 million will be raised under the Offer (before Offer Costs).

1.5 Calculating Entitlements and Application Monies

For the purposes of the Offer, any fraction of an Entitlement will be rounded up. For example, if a Shareholder holds 101 Shares on the Record Date, their full Entitlement will be:

- (a) 51 Rights Shares (plus 51 free attaching Loyalty Options); and
- (b) 51 Loyalty Options.

Similarly, when calculating Application Monies, any fraction of a cent should be rounded to the nearest whole cent. For example, amounts of less than 0.5 cent will be rounded down to nil and amounts greater than or equal to 0.5 cent will be rounded up to 1 cent.

Any additional Application Monies paid by an Applicant as a result of a rounding error which is less than \$1.00 will not be refunded to the Applicant, but instead will be donated by BioProspect to the Save the Children Foundation Australia ABN 99 008 610 035.

1.6 Closing Date

The Prospectus, accompanied by the Entitlement and Acceptance Forms, will be despatched by no later than 10 November 2010.

The Offer will close at 5pm AEDT on 24 November 2010, subject to the right of Directors to extend the Closing Date.

As the Offer is non-renounceable, Eligible Shareholders do not have the right to sell their Entitlements. Eligible Shareholders have the opportunity to subscribe for all, part or none of their Entitlement to Loyalty Options and Rights Shares.

To the extent that any part or all of an Entitlement is not taken up, it will lapse on the Closing Date.

Eligible Shareholders should be aware that their Entitlement may have value. If you decide not to accept all or part of your Entitlement, your Entitlement will lapse. It is therefore important that you take action if you wish to accept your Entitlement in accordance with the instructions on the accompanying Entitlement and Acceptance Form. Action required by Eligible Shareholders is set out in section 4.

1.7 What will happen if I accept my full Entitlement?

If you take up your full Entitlement, your shareholding in BioProspect will not be diluted by the issue of Rights Shares and any exercise of Loyalty Options and New Options.

1.8 What will happen if I do not accept my full Entitlement?

If you do not take up your full Entitlement under the Offer, to the extent holders of Loyalty Options and New Options exercise their options to acquire Shares, and to the extent Shareholders acquire further Rights Shares, then your shareholding in BioProspect will be diluted as will your corresponding rights to future dividends of BioProspect (if any).

As the Offer is non-renounceable, if you decide to not take up all of your Entitlement, it will lapse on the Closing Date to the extent that it is not taken up.

Subject to the certain conditions contained in the Underwriting Agreement (described in section 8.6 of this Prospectus) being satisfied, any Shortfall will be taken up by the Underwriter within approximately five Business Days of the Closing Date.

1.9 Underwriting

The Offer is fully underwritten by Novus Capital Limited. A summary of the Underwriting Agreement is set out in Section 8.6 of this Prospectus.

1.10 Brokerage and stamp duty

No brokerage or stamp duty is payable by Applicant in relation to the Offer. However, you may have to pay brokerage on any subsequent trading of your Loyalty Options, New Options or Rights Shares on ASX after they have been quoted on ASX.

1.11 Handling Fees

The Company will pay a handling fee to ASX participating organisations of 1.0% on the value of all stamped Entitlement and Acceptance Forms, capped at \$300 per Applicant. All relevant fees will be paid by the Company.

1.12 Shareholders outside Australia or New Zealand

The Company will only extend the Offer to Eligible Shareholders with registered addresses in Australia or New Zealand. The Company considers it would be unreasonable to extend the Offer to Shareholders with registered addresses in other jurisdictions having regard to the small number of such Shareholders, the small number and value of New Securities that would be offered in such jurisdictions and the costs of complying with legal and regulatory requirements in those jurisdictions.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

1.13 Terms of Loyalty Options and New Options and ranking of Shares

The Loyalty Options and New Options are subject to the terms and conditions described in this Prospectus. For each Loyalty Option exercised by paying the Exercise Price of 3 cents to the Company on or before 31 December 2013 the option holder will be issued one Share. For each New Option exercised by paying the Exercise Price of 3 cents to the Company on or before 31 December 2013 the option holder will be issued one Share. Shares acquired upon the exercise of the Loyalty Options and New Options will be fully paid and rank equally with Shares already issued.

1.14 Allotment and Application Money on Trust

Loyalty Options, New Options and Rights Shares are expected to be allotted on 1 December 2010 and holding statements will be dispatched no 2 December 2010 at the address appearing in the Company's Share register, subject to any changes to the Offer timetable. All Application Monies received before the Loyalty Options, New Options and Rights Shares are issued will be held by Computershare Investor Services Pty Limited on trust in an account established solely for the purpose of depositing Application Monies received. The Company will be entitled to all interest paid or accrued on Application Monies. After the Loyalty Options, New Options and Rights Shares are issued to successful Applicants, the Application Monies held on trust will be payable to BioProspect.

1.15 Stock Exchange Quotation

Application will be made within seven (7) days of the date of issue of this Prospectus for the Rights Shares, Loyalty Options and New Options to be granted Official Quotation by ASX. If such application is not made within this period, or Official Quotation of the Rights Shares, Loyalty Options and New Options is not granted by ASX within three (3) months of the date of issue of this Prospectus, then all Application Monies received pursuant to this Prospectus will be repaid as soon as practicable, without any interest accrued on Application Monies held in the application account.

The fact that ASX may agree to grant Official Quotation of the Rights Shares, Loyalty Options and New Options should not be taken in any way as an indication of the merits of the Company or its Rights Shares, Loyalty Options or New Options. ASX takes no responsibility for the contents of this Prospectus.

1.16 CHESS

The Company will apply to have the Loyalty Options, New Options and Rights Shares issued under this Prospectus admitted to participate in CHESS in accordance with the Listing Rules and the ASTC Settlement Rules. Under CHESS, Eligible Shareholders will not receive a certificate but will receive a holding statement for Loyalty Options, New Options and Rights Shares.

1.17 Market price of BioProspect's Shares on ASX

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX. The highest and lowest closing sale prices for Shares on ASX during the 3 months immediately preceding the date of this Prospectus, were 1.6 cents and 0.9 cents per Share. The Closing price for Shares on ASX on 22 October 2010 was 1.0 cent per Share.

1.18 Annual Report and quarterly cash flow report

A summary of the strategic focus, major activities and financial information relating to the Company is contained in the Annual Report for the year ended 30 June 2010. A full copy of the Annual Report has been lodged with ASIC and is also available on the Company's website.

The Company's quarterly Appendix 4C report for the quarter ended 30 June 2010 was lodged with ASX on 30 July 2010. The half-yearly report, in conjunction with the Appendix 4D, was lodged with ASX on 25 February 2010.

Any person who wishes to obtain a free copy of the Annual Report or any continuous disclosure notices given by BioProspect following lodging the Annual Report but before lodging the Prospectus with ASIC may request copies from the Company.

1.19 Summary only

This summary is not intended to provide full details of the investment opportunity. Shareholders should read this Prospectus in full to make a fully informed investment decision.

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of the Offer. Neither the Company nor any of its officers accepts any liability or responsibility arising from this Offer. Shareholders should therefore consult their own tax adviser in connection with the taxation implications of the Offer.

1.20 Enquiries

If you require advice as to whether to accept your Entitlement, you should seek professional advice from your legal, investment or other adviser.

2 OVERVIEW OF BIOPROSPECT LTD

2.1 Projects

AGRIPRO™

HIGHLIGHTS 2010

- Commercialisation strategy formulated based on established regulatory pathway in companion animals and confirmed market potential for applications in equine and other species.
- Market opportunities for CGNC (Conifer Green Needle Complex) products evaluated in selected markets including New Zealand, UAE, USA and Europe, with initial focus on equine market.
- Confirmed co-operative business model to support commercialisation under the Development Agreement with Solagran.
- *GI-GUARD®* and *AGRIPRO™* developed as unique brands for CGNC and related products for use in animal health and nutrition applications.
- Successfully completed major safety studies in horses in Australia with *GI-GUARD®* Oral Paste for gastro-intestinal health and *AGRIPRO™* Topical Gel for surface wounds and abrasions.
- Submitted application to the Australian Pesticides and Veterinary Medicines Authority (APVMA) for registration of *GI-GUARD®* Oral Paste containing 90% CGNC as a natural veterinary health product in horses.

Commercial

In February 2010, BioProspect announced completion of the evaluation phase under the Development Agreement with Solagran Limited, and commencement of commercialisation. A commercialisation plan was initiated that targeted companion animal markets, with an initial focus on the equine market with both oral and topical animal healthcare products. In proceedings currently before the Federal Court, BioProspect is seeking that the Court order, amongst other things, that the Development Agreement has been rescinded and award damages in its favour. Further information in relation to these proceedings is contained in section 3.2 in the Prospectus.

In September 2010, BioProspect signed a Terms Sheet with an alternative supplier of CGNC which offers certainty of supply along with superior pricing for the rollout of planned horse treatments.

Marketing

Market development programs were initiated in key target markets including New Zealand and Europe focusing on the equine market, as well as selected opportunities in food production animals such as dairy. Distribution channels were identified and initial approaches made to potential distributors in key target markets.

Market development programs are planned for key target markets including New Zealand, USA, Middle East and Europe, focusing on the equine market as well as selected opportunities in food production animals such as dairy.

Distribution channels have been identified and market development and distribution agreements are planned with potential distributors in key markets.

Research

BioProspect announced in March 2010 the successful completion of major safety studies in horses with CGNC-based products. The trials involved the testing of two products, GI-GUARD® Oral Paste for horses aimed at improving gastro-intestinal care and wellbeing, including potentially as a treatment for equine gastric ulcer syndrome (EGUS), and AGRIPRO™ Topical Gel.

Results showed that the products were safe to use in horses at the standard daily dose for a period of 90 days. Parameters tested included body weight, blood characteristics and behavioural effects as well as selected post-mortem and histological analysis. AGRIPRO™ Topical Gel was also demonstrated as safe when used twice daily over a 90 day period.

An efficacy study is planned with GI-GUARD® Oral Paste in horses in Australia to generate specific efficacy data on the treatment of EGUS and to support a label claim for gastro-intestinal care and wellbeing, with reference to the product's therapeutic benefits.

An efficacy study with AGRIPRO™ Topical Gel for the treatment of surface cuts and abrasions as well as skin complaints including greasy heel is also planned. A product chemistry package is to be developed for this product to support product registration in Australia and other target markets.

Other opportunities for CGNC-based and other products have been identified with applications in both companion and food production animals. It is intended that a full range of natural animal health and nutrition products will be developed to target the increasing demand for natural products meeting high standards of product quality and performance.

Regulatory

An application to register GI-GUARD® Oral Paste for horses was submitted to the APVMA in June 2010, as part of a phased application involving the initial submission of product chemistry followed by the submission of efficacy/safety data. This was aimed at a parallel review by the APVMA and was an important step towards the commercialisation of a range of natural AGRIPRO™ products for the global \$15 billion animal health products market.

CGNC is already listed with the Australian Therapeutic Goods Administration for use in complementary human medicine, thereby minimising required toxicological review by the APVMA.

Completion of the efficacy study with GI-GUARD® Oral Paste in horses will enable submission of the efficacy/safety data package to the APVMA as part of the parallel review of the registration application submitted earlier in 2010. This should enable approval as a natural veterinary health product and commercial launch in 2011.

Similarly, the completion of further product development and efficacy of *AGRIPRO*[™] Topical Gel will enable submission of an application of this product. This will target the significant segment comprising natural skin and surface treatment segment in horses and other companion and production animals.

THE WAY FORWARD 2011

- Progress supply agreement to support commercialisation programs with CGNC and investigate opportunities for other natural veterinary health products.
- Implement branding strategy aimed at establishing *GI-GUARD*[®] and *AGRIPRO*[™] as registered trademarks for animal health and nutrition products in target markets.
- Undertake efficacy study with *GI-GUARD*[®] Oral Paste in horses in Australia to support a claim for gastro-intestinal care and wellbeing, including EGUS.
- Submit efficacy and safety data package to the APVMA in support of registration of *GI-GUARD*[®] Oral Paste for horses.
- Undertake product development and field efficacy testing in horses and submit an application for registration of *AGRIPRO*[™] Topical Gel in Australia.
- Implement market development programs aimed at commercialising *GI-GUARD*[®] Oral Paste and associated products in key target markets, including New Zealand, Middle East, Europe and the USA, with an initial focus on the equine market.

***REGEN*[™]**

BioProspect acquired Re Gen Wellness Products Pty Ltd on 9 August 2009, a specialist provider of skin care and human health products based on natural Australian ingredients, including emu oil.

HIGHLIGHTS 2010

- Concluded the acquisition of Re Gen Wellness Products facilitating entry into the natural health and skincare markets.
- Novel products and brands developed to commercialise *REGEN*[™] and *DEMURE*[™] products in both Australian and overseas markets via online and over the counter sales.
- Developed new formulations and products and obtained regulatory approvals for sales.

- Developed and implemented a comprehensive branding strategy in support of marketing programs.
- Online sales resumed with focus on existing therapeutic and skin care range and introduction of *REGEN™* Pain Relief Spray.

Commercial

BioProspect announced in August 2009 the acquisition of Re Gen Wellness Products, a marketer of therapeutic and skin care products based on emu oil. The Share Sale Agreement was structured with a nominal upfront payment and with additional payments contingent on contribution to cash flow with the result that is now being realised of only paying for the actual realised profit generated by the business.

Product Development

The *REGEN™* product range was comprehensive but a review of formulations revealed opportunities to improve existing products as well as develop new products to target new markets. A core skin care range was developed that complied with international standards and reflected the latest market trends in Australia and key Asian markets including China.

REGEN™ Pain Relief Spray was developed as a flagship product in the *REGEN™* therapeutic product range.

Regulatory

The regulatory requirements for both therapeutics and cosmetics in Australia and overseas, in particular China, were reviewed in order to ensure that existing and new therapeutic and skin care products complied with these requirements.

REGEN™ Emu Oil Capsules and *REGEN™* Pain Relief Spray were registered with the Therapeutics Goods Administration in Australia as complementary healthcare products. This involved working in collaboration with GMP (good manufacturing practices) accredited manufacturers in Australia to ensure high quality standards in raw materials and finished goods.

Branding

Brands are being used to support a differentiation strategy which aims to enhance the intellectual property value of the business. Since acquiring Re Gen Wellness Products, a number of trademarks have been registered or are pending including: *RE-GEN WELLNESS PRODUCTS®* (word & logo), *REGEN™* (word & logo), *DEMURE™*, *TPC®* and *TRANSDERMAL SOLVENCY®*.

REGEN™ will continue as a brand in healthcare, supported by *TRANSDERMAL SOLVENCY®* to refer to the blended natural oil formulations. *DEMURE™* is being used as a brand in skin care and cosmetics, supported by the functional brand *TPC®* (Transdermal Permeating Complex).

Marketing & Sales

Online sales on www.regen.com.au were re-established soon after acquisition of the Re Gen business. Sales have subsequently grown significantly, supported by the introduction of new products and associated promotional programs. In particular, the TGA approval and launch of *REGEN*[™] Emu Oil Capsules and *REGEN*[™] Pain Relief Spray in bright new livery has led to a boost in online and over the counter sales of these as well as other *REGEN*[™] products.

THE WAY FORWARD 2011

- Consolidate and grow sales in Australia of new expanded *REGEN*[™] therapeutic product range whilst undertaking market development in selected regional markets including Asia.
- Commercialise *DEMURE*[™] skin care and cosmetic range.
- Enter into agreements with distribution companies to increase sales and market penetration in Australia and key target export markets.
- Expand product range through ongoing programs of product development as well as acquisition of natural products complementary to the existing range.
- Increase intellectual property values through product approvals and trademark registrations in key markets.

Marketing & Sales

The launch of new *REGEN*[™] therapeutic products has enabled sales growth in Australia, whilst also facilitating market entry into regional markets, particularly in Asia. Marketing programs for 2011 will focus on consolidation of sales and distribution channels and aims to increase on-line sales through the use of specialist service providers and distributors.

The *DEMURE*[™] range of natural skin care products will be commercialised through arrangements with companies already established within the industry, with focus on both Australian and overseas markets including China. *DEMURE*[™] products will feature a range of natural active ingredients in addition to emu oil that will support the positioning and promotion of *TPC*[®] *Transdermal Permeating Complex*.

Product Range

The *REGEN*[™] range of natural therapeutic products has been initially based on emu oil, but new product opportunities have been identified with other natural active constituents including plant extracts from Australian as well as overseas sources. Product development programs are underway that aim to expand the current product range using a combination of new formulation technology and traditional natural complementary medicines, manufactured to the good manufacturing practice standards and meeting regulatory compliance.

Opportunities for treatment of gastro-intestinal disorders and post-chemotherapy effects have been identified and may be the subject of joint projects with research institutions to generate the necessary data to support claims for *REGEN*[™] products in these markets.

The *DEMURE*[™] range will be maintained pending commercialisation, but clearly offers potential for further product development and expansion, including entry into the lucrative post-cosmetic surgery market.

Regulatory

Additional regulatory approvals will be required for *REGEN*[™] products where therapeutic claims are made, as well as ensuring that existing products are fully compliant with requirements of all markets targeted. Although cosmetics do not generally require registration, where therapeutic claims are made then supporting data is required.

Trademark registrations will be sought in key markets to attempt to maximise brand equity and IP value associated with the Re Gen business.

2.3 Effect on the Company's financial position

To illustrate the effect of the Offer on the Company, a Pro Forma Statement of Financial position has been prepared as at 30 June 2010.

	Consolidated		Unaudited
	30 June	Adjustments	Pro forma
	2010	\$	consolidated
	\$		\$
Current Assets			
Cash and cash equivalents	738,672	1,657,944	2,396,616
Trade and other receivables	69,363	-	69,363
Inventories	160,843	-	160,843
Prepayments	13,635	-	13,635
Total Current Assets	982,513	1,657,944	2,640,457
Non-current Assets			
Intangibles	50,000	-	50,000
Available-for-sale investments	343,750	-	343,750
Property, plant and equipment	32,306	-	32,306
Total Non-current Assets	426,056	-	426,056
TOTAL ASSETS	1,408,569	1,657,944	3,066,513
Current Liabilities			
Trade and other payables	209,803	-	209,803
Provisions	18,127	-	18,127
Total Current Liabilities	227,930	-	227,930
Non-current Liabilities			
Other payables	83,087	-	83,087
Total Non-current Liabilities	83,087	-	83,087
TOTAL LIABILITIES	311,017	-	311,017
NET ASSETS	1,097,552	1,657,944	2,755,496
EQUITY			
Issued capital	28,084,860	1,657,944	29,742,804
Reserves	2,393,227	-	2,393,227
Accumulated losses	(29,380,535)	-	(29,380,535)
TOTAL EQUITY	1,097,552	1,657,944	2,755,496

Notes to the pro forma Statement of Financial position

(i) Pro Forma Assumptions

The pro forma Statement of Financial position has been prepared on the following assumptions:

- The Company issues 318,556,782 Rights Shares at 0.5 cent per Rights Share to raise \$1,592,784 pursuant to this Prospectus;
- The Company issues 318,556,782 Loyalty Options at 0.1 cent to raise \$318,557; and
- Capital raising costs associated with the Offer (estimated to be \$253,397) have been applied against contributed equity.

(ii) Adjustments

The Adjustments column recognises that total net proceeds from the above are **\$1,657,944 (inclusive of the net effect of GST)**.

3 RISK FACTORS

3.1 General market risks

Shareholders should be aware that the market price of the BioProspect securities may be influenced by a number of factors. General movements in local and international stock markets, exchange rates, prevailing economic conditions, investor sentiment and interest rates could all affect the market price of the Company's securities. These risks apply generally to any investment on the stock market.

In addition to the general risks associated with investing in the stock market, there are risks specific to investing in any particular entity. If in doubt about the general or specific risks associated with the Company's securities, you should seek advice from your professional advisors.

Offer speculative

The New Securities offered under this Prospectus should be regarded as speculative due to the inherent risks associated with the Company's activities. Neither the Company nor the Directors warrant the future performance of the Company or any investment made pursuant to this Prospectus.

The Directors recommend that Shareholders and potential investors examine the contents of this document together with previous ASX disclosures and public documents of the Company, including its most recent audited financial statements, and rely on advice of their professional advisers before deciding whether or not to apply for New Securities pursuant to this Prospectus. The following summary, which is not exhaustive, represents some of the major risk factors which potential investors need to be aware of.

Options

The market price of options are dependant on a number of factors including time to expiry, underlying share price, option Exercise Price and underlying share price volatility. Option prices can rise and fall, and at any given time options can be “in the money” or “out of the money”. Options can expire with no value. Investors should be aware that an option may return little or none of its original investment value.

3.2 Company Specific Risks

Future capital requirements

There can be no guarantees that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company’s overall business strategy. It is likely that the Company will need significant additional capital to fund its ongoing product and technology development programs. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all.

BioProspect may seek to obtain funding by issuing additional shares, borrowing money or entering into collaborative agreements. Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company’s operations and business strategy.

The Company’s failure to raise capital if and when needed could delay or suspend the Company’s business strategy and could have a material adverse effect on the Company’s activities.

Retention of key personnel

Because of the specialised nature of BioProspect’s business, the Company is highly dependent upon qualified, technical and managerial personnel to continue to develop the technology and the Company’s products.

BioProspect may not be able to attract and retain the qualified personnel necessary for the development of its business. The loss of the services of existing personnel, as well as the failure to recruit additional key technical, managerial and other personnel in a timely manner could harm the Company’s development and commercialisation activities.

Competition

Competition exists in the industries in which the Company operates, including related to:

- Developing products for existing and new markets;

- Obtaining and sustaining proprietary rights to technology; and
- Marketing, selling and distributing products.

The Company faces competitors in each of its markets that are much larger organisations, which could use their size to exert pressure in the markets in which the Company operates, particularly in respect to pricing. The ability of a current or new competitor to introduce an improved product is also a continual competitive threat that could adversely impact on the Company's financial performance.

Such competition and new technologies can have the effect of:

- Rendering costly research and development obsolete;
- Decreasing the financial value of products or research projects; and
- Reducing pricing and profit margins.

Technology

The Company's future success will depend on its ability to enhance its existing product and develop new products so that it can compete in a global market place. This will require management to remain at the forefront of technological developments in the industry. There can be no assurance that the Company will successfully develop and manufacture new products or that new products will be accepted in the market place. If the Company does not successfully introduce new products, the business, operating results and financial condition of the Company may be adversely affected.

The Directors believe that the Company is in a position to keep itself abreast of major technological developments. However, it is difficult to predict which developments will have a major impact on the market. The Company has to decide and direct its resources accordingly. Some decisions on the perceived significance of the technology and its relevance to the market may be incorrect. If the Company does not direct its resources accordingly, the ability of the Company to compete in the future will be adversely affected.

Risk of Product Liability

The Company's business exposes it to potential product liability. The Company will seek to obtain adequate product liability insurance whenever prudent. There can be no assurance that adequate or necessary insurance coverage will be available at an acceptable cost or in sufficient amounts, if at all, or that a product liability or other claim would not materially and adversely affect the business or financial condition of the Company.

Legal Dispute with Solagran Limited (ASX: SLA)

As has been announced to the market regularly over the last 3 months, BioProspect commenced proceedings in the Federal Court against SLA in respect to a Development Agreement that was entered into on 22 August 2007. The essence of BioProspect's claim is that at the time of entering into the Development Agreement it was misled by SLA, in contravention of sections 52 and 53 (f) of the *Trade Practices Act 1974* (Cth). In particular, BioProspect alleges that during the negotiations that ultimately culminated in the execution of the Development Agreement, SLA falsely represented to it that it held patents in Australia and the USA (or would eventually hold such patents) that covered the manufacture of CGNC (sold by SLA as *Bioeffective A*). BioProspect is seeking, amongst other things, that the Federal Court order that the Development Contract has been rescinded and award damages in its favour.

On the 20 September 2010, BioProspect announced that it has secured alternative supply of CGNC. As such, BioProspect will continue to push ahead with commercialisation into the animal health product segment of CGNC-based products under the *AGRIPRO*[™] and *GI-GUARD*[®] brands, with an initial focus on the horse industry.

As of the date of this Prospectus, a trial has been set down to be heard between 29 October and 12 November 2010 at the Victorian Registry of the Federal Court of Australia. If the trial proceeds and BioProspect is unsuccessful at this hearing, the Company could be liable for substantial legal costs including SLA's legal fees. At this early stage in the proceedings, the Directors believe that there is no reasonable basis upon which they can accurately quantify the legal costs which may be incurred in prosecuting this claim or any adverse cost order which might be made against BioProspect in the event its claim is unsuccessful.

4 ACTION REQUIRED BY ELIGIBLE SHAREHOLDERS

Important Notice

The Offer is non-renounceable which means that if Shareholders do not take up all of their Entitlement, their unaccepted Entitlement will lapse. Shareholders wishing to participate should either accept their Entitlement, in whole or in part, as outlined below. Eligible Shareholders do not need to take up their full Entitlement, although their proportional interest in the Company will be diluted if they choose not to do so.

4.1 Shareholders' Entitlement

All persons registered as Eligible Shareholders on the Record Date will receive an Entitlement of 1 Loyalty Option for every 2 Shares held on that date and an Entitlement of 1 Rights Share for every 2 Shares held on

that date. The number of Loyalty Options and Rights Shares to which you are entitled are shown on the Entitlement and Acceptance Form. In addition, for each Rights Share purchased, a Shareholder will be entitled to a bonus issue of 1 New Option for free.

4.2 Issue Price

The Issue Price of Loyalty Options is 0.1 cent per Loyalty Option, and for the Rights Share is 0.5 cent per Share.

4.3 Entitlement and Acceptance Form

Each Prospectus sent to an Eligible Shareholder will include a personalised Entitlement and Acceptance Form.

4.4 Action required

If you wish to take up some or all of your Entitlement

Complete the accompanying personalised Entitlement and Acceptance Form in accordance with the instruction on the Entitlement and Acceptance Form.

Forward your completed Entitlement and Acceptance Form together with your cheque or bank draft for the amount shown on the form, to the following address to be received **no later than 5pm AEDT on 24 November 2010**.

BioProspect Limited

Computershare Investor Services Pty Limited

GPO Box 253

Sydney NSW 2001

Cheques must be made payable to BioProspect Limited – Rights Offer Account and crossed ‘Not Negotiable’.

Bpay Option – Alternatively, you can pay the application money using Bpay in accordance with the instructions on the Entitlement and Acceptance Form accompanying this Prospectus. If you do so, you do not need to complete and return the Entitlement and Acceptance Form.

4.5 Entitlements not accepted

If you decide not to accept all or part of your Entitlement, your unaccepted Entitlement will lapse. It is important that you take action to accept your Entitlement in accordance with the above instruction to

avoid it lapsing and your shareholding being diluted by the issue of Loyalty Options, New Options and Rights Shares under the Offer.

4.6 Taxation considerations

General Information only

It is your responsibility to satisfy yourself of the particular taxation treatment that applies to you by consulting your own professional tax advisor on your specific circumstances before taking up your Entitlements.

Taxation consequences depend on your particular circumstances

Neither BioProspect Limited nor any of its officers, employees, agents and advisors accept any liability or responsibility in respect of the taxation consequences resulting from an investment in or disposal of or exercise of (if applicable) the Loyalty Options, New Options or Rights Shares.

You should seek your own professional taxation advice.

4.7 Enquires

If you have any questions concerning your Entitlement or the Offer, you should contact the Company on (07) 3229 5755, or your stockbroker, financial or other professional adviser.

5. ADDITIONAL STATUTORY INFORMATION

5.1 Rights and Liabilities Attaching to Loyalty Options

- The Loyalty Options will expire at 5.00pm AEDT on 31 December 2013 (**Expiry Date**). Loyalty Options not exercised on that date shall lapse.
- There is no obligation to exercise the Loyalty Options.
- The Exercise Price or number of Loyalty Options issued may be changed in accordance with Listing Rule 6.22 or any amendment of that Rule from time to time.
- In the event of any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of the Loyalty Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

- A Loyalty Option has no right to participate in a new issue of shares in the Company unless that option has been exercised.
- To exercise a Loyalty Option, the holder must complete and execute a Notice of Exercise of Option in the form that will be forwarded to all Loyalty Options holders following allotment, and must lodge the completed notice and payment of the Exercise Price at the Company's registered office or otherwise directed at any time prior to the Expiry Date.
- The Exercise Price of each Loyalty Option will be 3 cents.
- Option holders will be issued 1 Share in the Company within 15 Business Days of a Loyalty Option being duly exercised.
- Shares issued on exercise of the Loyalty Options will rank equally in all respects with other Shares on issue. The rights and liabilities attaching to the Shares issued upon exercise of the Loyalty Options are set out under paragraph 5.4 below.
- The Company will apply for Official Quotation by the ASX of the Shares issued upon exercise of the Loyalty Options within 3 Business Days of allotment of the Shares.

5.2 Rights and Liabilities Attaching to New Options

- The New Options will expire at 5.00pm AEDT on 31 December 2013 (**Expiry Date**). New Options not exercised on that date shall lapse.
- There is no obligation to exercise the New Options.
- The Exercise Price or number of New Options issued may be changed in accordance with Listing Rule 6.22 or any amendment of that Rule from time to time.
- In the event of any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of the New Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- A New Option has no right to participate in a new issue of shares in the Company unless that option has been exercised.
- To exercise a New Option, the holder must complete and execute a Notice of Exercise of Option in the form that will be forwarded to all New Options holders following allotment, and must lodge the completed notice and payment of the Exercise Price at the Company's registered office or otherwise directed at any time prior to the Expiry Date.
- The Exercise Price of each New Option will be 3 cents.

- Option holders will be issued 1 Share in the Company within 15 Business Days of a New Option being duly exercised.
- Shares issued on exercise of the New Options will rank equally in all respects with other Shares on issue. The rights and liabilities attaching to the Shares issued upon exercise of the New Options are set out under paragraph 5.4 below.
- The Company will apply for Official Quotation by the ASX of the Shares issued upon exercise of the New Options within 3 Business Days of allotment of the Shares.

5.3 Rights and Liabilities Attaching to Shares

A summary of the rights which relate to Shares is set out below. This summary does not purport to be exhaustive or constitute a definitive statement of the rights and liabilities of the Company's Shareholders. Full details of the rights attaching to the Shares are set out in the Constitution of the Company, a copy of which can be inspected at the Company's registered office during normal business hours.

- Subject to any special rights or restrictions for the time being attached to any class or classes of shares in the Company (at present there are none), at a general meeting every Shareholder present in person or by proxy, representative or attorney will have a vote on a show of hands and, on a poll, one vote for each Share held.
- Each Shareholder will be entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to Shareholders under the Constitution of the Corporation Act.
- The Board may from time to time determine that a dividend is payable to Shareholders. The dividend is (subject to the rights of, or any restriction on, the holders of shares created or raised under any special arrangement as to dividend) payable on all Shares in proportion to the total issue price for the time being paid or credited as paid, and may be paid at a rate per annum in respect of a specified period provided that no amount paid on a Share in advance of calls is to be treated as paid on that Share.
- If the Company is wound up, whether voluntarily or otherwise, the liquidator may divide among all or any of the contributories as the liquidator thinks fit in specie or in kind any part of the assets of the Company, and may vest any part of the assets of the Company in trustees upon any trusts for the benefit of all or any of the contributories as the liquidator thinks fit.
- Without prejudice to any special rights conferred on the holders of any shares, and subject to the Listing Rules, any share in the capital of the Company may be issued with preferred, deferred or other special rights, obligations or restriction, whether in regard to dividends, voting, return of share capital, payment of calls or otherwise, as the Board may from time to time determine.
- The rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, and subject to the

Listing Rules, be varied with the consent in writing of members with at least 75% of the votes in the class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

- As the Company participates in CHES, the SCH Business Rules govern the transfer of shares including market settlement and securities transfer and registration.
- The Constitution of the Company can only be amended by a special resolution, passed by at least three quarters of the votes cast by holders of shares entitled to vote on the resolution, at general meeting. At least 28 days' written notice specifying the intention to propose the resolution as a special resolution must be given.

6. FINANCIAL INFORMATION

This Financial information section consists of reviewed Income Statement, Balance Sheet and Statement of Cash Flow for the year ended 30 June 2010 and the audited Income Statement, Balance Sheet and Statement of Cash Flow for the half year ended 31 December 2009 and complies with the measurement recognition rules of the Australian Accounting Standards. The accounting policies adopted are detailed in the notes to the financial statements included in the finance report section of the Company's Annual Report and are consistent with those of the previous financial year and interim reporting period except as disclosed in the notes.

BIOPROSPECT LIMITED

Consolidated Income Statement

FOR THE YEAR ENDED 30 JUNE 2010 AND HALF-YEAR ENDED 31 DECEMBER 2009

	Audited 2010 \$	Audited Dec 2009 \$
Sale of goods	1,456	-
Finance income	41,517	23,827
Total Revenue	42,973	23,827
Cost of sales	(834)	-
Gross Profit	42,139	23,827
Finance costs	(6,490)	(3,540)
Amortisation and depreciation	(322,849)	(238,124)
Employee costs	(830,287)	(390,502)
Impairment of licence	(585,000)	-
Research and development expenses	(717,946)	(384,942)
Other expenses	(1,276,300)	(679,066)
Loss before income tax	(3,696,733)	(1,672,347)
	2	
Income tax benefit	395,279	395,279
Loss attributable to members of BioProspect Limited	(3,301,454)	(1,277,068)
Earnings per share		
Basic loss per share (cents per share)	(0.6)	(0.3)
Diluted loss per share (cents per share)	(0.6)	(0.3)

BIOPROSPECT LIMITED
Consolidated Statement of Financial Position
AS AT 30 JUNE 2010 AND 31 DECEMBER 2009

	Audited 30 June 2010 \$	Audited 31 December 2009 \$
ASSETS		
Current Assets		
Cash and cash equivalents	738,672	628,343
Trade and other receivables	69,363	476,621
Inventories	160,843	73,063
Prepayments	13,635	66,274
Total Current Assets	982,513	1,244,301
Non-current Assets		
Intangibles	50,000	127,991
Available-for-sale investments	343,750	715,000
Property, plant and equipment	32,306	28,773
Total Non-current Assets	426,056	871,764
TOTAL ASSETS	1,408,569	2,116,065
LIABILITIES		
Current Liabilities		
Trade and other payables	209,803	434,917
Provisions	18,127	11,916
Total Current Liabilities	227,930	446,833
Non-current Liabilities		
Other payables	83,087	-
Total Non-current Liabilities	83,087	-
TOTAL LIABILITIES	311,017	446,833
NET ASSETS	1,097,552	1,669,232
EQUITY		
Issued capital	28,084,860	26,260,904
Reserves	2,393,227	2,764,477
Accumulated losses	(29,380,535)	(27,356,149)
TOTAL EQUITY	1,097,552	1,669,232

BIOPROSPECT LIMITED

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2010 AND HALF-YEAR ENDED
31 DECEMBER 2009

	Audited Audited	
	2010	2009
	\$	\$
Cash flows from operating activities		
Receipts from customers	256	-
Payment to suppliers and employees	(2,312,359)	(1,207,721)
Research & development expenditure	(696,918)	(338,153)
Income tax R&D offset received	395,279	-
Net cash flows used in operating activities	(2,613,742)	(1,545,874)
Cash flows from investing activities		
Interest received	41,516	22,248
Purchase of plant and equipment	(31,316)	(21,049)
Payments for acquisition of subsidiary	(50,000)	(50,000)
Purchase of available for sale investments	(25,000)	(25,000)
Net cash flows from (used in) investing activities	(64,800)	(73,801)
Cash flows from financing activities		
Proceeds from issues of shares	1,328,580	105,000
Transaction costs of issue of shares	(54,384)	-
Net cash flows from financing activities	1,274,196	105,000
Net decrease in cash and cash equivalents	(1,404,346)	(1,514,675)
Cash and cash equivalents at beginning of year	2,143,018	2,143,018
Cash and cash equivalents at end of the year	738,672	628,343

7 MATERIAL AGREEMENT

7.1 Continuous reporting and disclosure obligations

This Prospectus is issued pursuant to section 713 of the Corporations Act as a prospectus for the offer of continuously quoted securities.

The Company is a 'disclosing entity' for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, BioProspect is subject to the Listing Rules which require continuous disclosure of any information the Company has to the ASX which a reasonable person would expect to have a material effect on the price or value of its Shares.

Copies of ASX announcements are available on the ASX website www.asx.com.au or the Company's website www.bioprospect.com.au.

In addition, copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

The Company will provide free of charge, to any person who requests it during the application period under this Prospectus, a copy of the Annual Report, and any continuous disclosure notices lodged by the Company from lodgement of the Annual Report and before the lodgement of this Prospectus, as listed in section 7.2 below.

The information in the Annual Report may be of interest to Shareholders and their financial advisers.

7.2 List of ASX Announcements

29/09/2010	Response to ASX query Appendix 3Y
01/10/2010	Expiry of Director Options
12/10/2010	October issue of Bionews
19/10/2010	Share Placement, Appendix 3B and Rights Issue
19/10/10	Rights Issue Announcement amendment
22/10/2010	Termilone Project Update

7.3 Key documents

The following is a summary of the agreements material to the Offer.

Applications and allotment

The Offer must be carried out in accordance with the timetable (as amended from time to time), the Prospectus, the Corporations Act, the Listing Rules, the constitution of the Company and any other applicable law.

8 ADDITIONAL INFORMATION

8.1 Consents and disclaimers of responsibility

Each of the Directors of BioProspect has consented to the lodgement of this Prospectus with ASIC.

Novus Capital Limited, has given, and has not withdrawn its written consent to being named as Underwriter for the Offer in the form and context in which it is named. Novus Capital Limited has not caused or authorised the issue of this Prospectus and takes no responsibility for any part of this Prospectus.

William Buck (Qld) has given, and has not withdrawn its written consent to being named as auditor for the Company in the form and context in which it is named. William Buck (Qld) has not caused or authorised the issue of this Prospectus and takes no responsibility for any part of this Prospectus.

Computershare Investor Services Pty Limited, has given, and has not withdrawn its written consent to being named as share registry service provider for the Company in the form and context in which it is named. Computershare Investor Services Pty Limited has not caused or authorised the issue of this Prospectus and takes no responsibility for any part of this Prospectus.

8.2 Experts and advisers interests

Other than as set out below or elsewhere in this Prospectus, no expert or any firm in which any expert is a partner has, or has had in the two years before lodgement of this Prospectus, any interest in the promotion of, or in any property proposed to be acquired by BioProspect and no amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid to any expert (or to any firm in which he or she is or was a partner) for services rendered by the expert of the firm in connection with the promotion, or was a director of BioProspect. No form of payment of any kind will be made or agreed to be made to any such expert or firm other than in cash.

William Buck (Qld) has acted as auditor for the Company and has reviewed the BioProspect financial information and pro forma balance sheet for inclusion in the Prospectus, for which a maximum amount of \$2,000 exclusive of GST has been paid or has been agreed to be paid.

8.3 Expenses of the Offer

All expenses connected with the Offer are payable by BioProspect.

- These costs consist of the following:

1. Underwriting fees for the Rights Shares	\$95,567
2. 10,000,000 options issue to underwriter	\$43,982
3. Underwriting fees for the Loyalty Options	\$19,113
4. Legal costs for the underwriter	\$7,000
5. Legal costs for BioProspect	\$22,000
6. ASX listing fees	\$25,735
7. Printing, mailing	\$40,000
Total	\$253,397

All fees expressed subject to the net effect of GST.

8.4 Interest of Directors

Shareholdings

As at the date of this Prospectus, the Directors of BioProspect, their associates or related parties have a relevant interest in the following shares and options in BioProspect:

Director	Shares	Options	Entitlement to Loyalty Options and Rights Shares under this Prospectus
M Quinlan	831,529	-	415,764 Rights Shares & 415,764 Loyalty Options

The Directors reserve the right to take up their Entitlements under the Offer.

Declaration

Other than set out above or elsewhere in this Prospectus:

- No Director or proposed Director of BioProspect, and no firm in which a Director or proposed Director of BioProspect is or was at the relevant time, or has had in the two years before the date of this Prospectus, any interest in the formation or promotion of, or in any property proposed to be acquired by BioProspect; and

- No amounts, whether in cash or shares or otherwise, have been paid or agreed to be paid to any Director or proposed Director of BioProspect (or to any firm in which he is or was a partner) either to induce him to become, or to qualify him as a Director, or otherwise for services rendered by him or by the firm in connection with the promotion or formation of BioProspect, or in connection with the Offer.

8.5 Privacy

Upon applying for Loyalty Options, New Options and Rights Shares in the Company, Applicants will be required to provide personal information to BioProspect directly or its agents, such as name, address, telephone/fax numbers, tax file number and account details. The Company or its agents may collect, hold and use that personal information to assess Applications, provide facilities and services to Applicants and undertake appropriate administration. Access to information may be disclosed by the Company to its agents and service providers on the basis that they deal with such information in accordance with the *Privacy Act 1988* as amended, Applicants may request access to their personal information held by or on behalf of the Company by contacting it as set out in the Corporate Directory.

8.6 Underwriting

The Offer is fully underwritten by Novus Capital Limited. Pursuant to the Underwriting Agreement, the Company has appointed Novus Capital Limited to act as the Underwriter to the Offer.

The Directors have satisfied themselves that Novus Capital Limited has sufficient resources to meet its financial commitments to the Company under the Underwriting Agreement.

Definitions and terms referred to in this section 8.6 have the same meaning as contained in the Underwriting Agreement unless defined by this Prospectus. A summary of the principal terms of the Underwriting Agreement is set out below.

Shortfall

If, by two Business Days after the Closing Date, the Underwritten Amount is not fully subscribed the Company will on or before 5.00 pm on the day which is three Business Days after the Closing Date notify the Underwriter of any Shortfall by written notice that specifies the number of New Securities that constitutes the Shortfall (**Shortfall Notice**).

Application for Shortfall

Within two Business Days of receipt of the Shortfall Notice and satisfaction of certain other matters, the Underwriter will lodge or cause to be lodged with the Company an Application or Applications accompanied by payment of the Application Money in cleared funds in respect of the Shortfall.

The Company will promptly allot the New Securities for which the Underwriter lodges an Application or Applications.

1. The Company has agreed to pay the Underwriter the following fees (exclusive of GST)

Rights Share Offer

- A cash underwriting fee of \$95,567 being 6% of the Underwritten Amount to be raised by the Offer; and
- An issue of 10,000,000 New Options expiring on or before 31 December 2013 at an exercise price of 3 cents.

Loyalty Option Offer

- A cash underwriting fee of \$19,113 being 6% of the Underwritten Amount to be raised by the Offer.

2. The Company has also agreed to reimburse the Underwriter for all reasonable costs and expenses incurred in connection with the underwriting and shall pay all costs with the preparation, negotiation and execution of the Underwriter's Agreement (up to a maximum of \$7,000).

3. The Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of certain events including:

(a) misleading statement in the Prospectus: a material statement in the Prospectus is found to be untrue, misleading or deceptive or it is found that the Prospectus contains a material omission or a new circumstance arises after the Lodgment Date which would be required under the Corporations Act to have been included in the Prospectus if it had arisen before the Lodgment Date (and no supplementary or replacement prospectus (in a form agreed by the Underwriter) has been lodged in accordance with the Corporations Act);

(b) ASIC stop order, hearing or investigation: ASIC issues a stop order under sections 739(1) or 739(3) of the Corporations Act, gives notice of its intention to hold a hearing in relation to the Prospectus pursuant to section 739(2) of the Corporations Act, applies for an order under Part 9.5 of the Corporations Act in relation to the Prospectus or the Offer or commences any investigation, examination or hearing or gathers information under Part 3 of the ASIC Act in connection with the Prospectus or the Offer;

(c) notices concerning the Prospectus: any person (provided that if that person is the Underwriter, the Underwriter must act in good faith) gives a notice under section 730 or section 733(3) of the Corporations Act or withdraws a consent previously given under section 720 of the Corporations Act in relation to the Prospectus;

(d) lodgement of supplementary prospectus: a supplementary or replacement prospectus is lodged under the Corporations Act without the prior written approval of the Underwriter (which approval may be withheld acting in its absolute discretion);

(e) changes in prospects of the Company: any adverse change occurs in the condition, financial position or prospects of the Company or a Related Body Corporate that is, in the Underwriter's reasonable opinion, material;

- (f) breach of constitution:** the Company or any of its subsidiaries (if any) breaches its constitution which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer;
- (g) breach of law or regulation:** the Company or any of its subsidiaries or any Officer of the Company or a Related Body Corporate of the Company contravenes any provision of the Corporations Act, the Listing Rules or any other legislation of the Commonwealth of Australia or any State or Territory of Australia which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer;
- (h) Prescribed Occurrence:** a Prescribed Occurrence occurs in relation to the Company or any of the Company's subsidiaries which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer;
1. **insolvency:** an Insolvency Event occurs;
 2. **breach of this Agreement:** the Company or any of its subsidiaries is in breach of any provision of this Agreement that, in the Underwriter's reasonable opinion, is material. Without limiting what else may be material, a breach of any of the following provisions is deemed to be material for the purposes of this clause 14.1(j):
 - a. any warranty or undertaking in clause 9;
 - b. the Company's obligation to give the Shortfall Notice in accordance with clause 7.1; and
 - c. the Company's obligation to give the Closing Certificate in accordance with clause 7.2;
 3. **breach of laws:** there occurs a contravention by the Company of any applicable laws in relation to the Offer including without limitation the Corporations Act, the constitution of the Company or any of the Listing Rules which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer;
 4. **no quotation:** approval for the quotation of all of the New Shares or New Options on the ASX is refused, not granted or granted subject to any condition which is unacceptable to the Underwriter (acting reasonably) or is subsequently withdrawn;
 5. **breach of warranty:** any warranty given by the Company under this Agreement is not true or has ceased to be true in any respect which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer;
 6. **conviction of Officers:** any Officer of the Company or any of its subsidiaries is charged with or convicted of any criminal offence involving fraudulent or dishonest conduct;

7. **unapproved alteration of capital:** the Company alters, or announces an intention to alter, its capital structure or its constitution without the prior consent of the Underwriter (such consent not to be unreasonably withheld) which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer;
8. **unapproved Encumbrances:** the Company or any of its subsidiaries gives security in favour of any person who is not a security holder at the date of this Agreement which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer;
9. **false or misleading information given to the Underwriter:** any information that is, in the Underwriter's reasonable opinion, material that was supplied at any time by or on behalf of the Company to the Underwriter in respect of any aspect of the Company or any of its subsidiaries or the Offer is or becomes misleading or deceptive or contains a material omission;
10. **commencement of hostilities:** an outbreak of hostilities not presently existing or an escalation of hostilities occurs (whether war has been declared or not) or a terrorist act is committed involving any one or more of Australia, New Zealand, the United Kingdom, the United States of America, the People's Republic of China (including the Special Administrative Region of Hong Kong), the countries of the former Union of Soviet Socialist Republics (excluding wars or hostilities within those countries), Indonesia or Japan which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer;
11. **changes of law:** the Australian Government adopts or announces any change in any applicable laws or governmental policies which would, in the Underwriter's reasonable opinion, materially and adversely affect the Company or the Offer;
12. **quotation on the ASX:** three months or such other period agreed by the Underwriter elapses after the date of issue of the Prospectus without the ASX granting quotation of the New Shares or New Options on the securities market operated by the ASX;
13. **grant by the ASX:** any grant by the ASX referred to in clause 14.1(l) is withdrawn or is made subject to any conditions other than the Standard Conditions;
14. **statements issued in breach of this Agreement:** during the term of this Agreement a breach of clause 9.4(g) or 9.4(h) occurs;
15. **withdrawal of Prospectus:** the Company withdraws the Prospectus;
16. **significant change to management or board:** there is a significant change to the composition of the senior executives of the Company or of its board of directors without the approval of the Underwriter (which approval may not be unreasonably withheld);

17. **judgment:** a judgment in an amount exceeding \$250,000 is obtained against the Company or any Related Body Corporate of the Company and is not set aside or satisfied within five Business Days;
18. **requirement to repay Application Money:** any circumstance arises after the Prospectus is lodged a consequence of which is either that the Company is required to repay the money received from Applicants or to offer Applicants an opportunity to withdraw their Applications and receive a refund of their Application Money;
19. **movement in the All Ordinaries Index:** the All Ordinaries Index of the ASX is at any time on any three consecutive Business Days prior to allotment of the New Shares 90% or less of the level that Index attained at the close of trading on the Business Day before the date of signing this Agreement; and
20. **no Subunderwriting Agreement:** any of the following occurs in respect of an entity acting as Subunderwriter:
 - a. the entity does not comply with its obligations under the Subunderwriting Agreement or threatens not to comply with its obligations under the Subunderwriting Agreement;
 - b. the entity terminates its Subunderwriting Agreement with the Underwriter;
 - c. the entity does not subscribe for its pro rata share of the Shortfall within five Business Days of the Underwriter receiving a Shortfall Notice;
 - d. the entity subscribes for its pro rata share of the Shortfall on terms that are not acceptable to the Underwriter; or
 - e. the Underwriter in its sole discretion forms the opinion that the entity will not, or is unlikely to, subscribe for its pro rata share of the Shortfall on terms acceptable to the Underwriter.

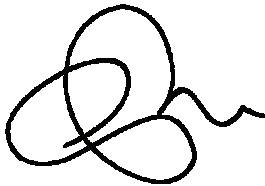
9 DIRECTORS' STATEMENT

The Director's report that, after due enquiry by them, they have not become aware of any circumstances which, in their opinion, will materially affect the assets and liabilities, financial position and performance, profits and losses or the prospectus of BioProspect other than as disclosed in this Prospectus.

Dated 26 October 2010

Signed for and on behalf of

BioProspect Limited

A handwritten signature in black ink, consisting of several overlapping loops and a trailing flourish.

Charles Pellegrino

Managing Director

10 DEFINITIONS

\$	Australian Dollars.
ABN	Australian Business Number.
AEDT	Australian Eastern Daylight Time, being the time applicable in Sydney, New South Wales, Australia.
Annual Report	The Annual Report of the Company for the financial year ended 30 June 2010.
Applicant	a person or entity who submits an Entitlement and Acceptance Form.
Application	an application to subscribe for Loyalty Options and Rights Shares under this Prospectus.
Application Monies	the number of New Securities applied for multiplied by the relevant Issue Price.
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691.
ASTC	ASX Settlement Pty Limited, referred to as the ASX Settlement and Transfer Corporation. ASTC is licensed as a Clearing and Settlement Facility under the Corporations Act.
Board	the board of directors of the Company.
Business Day	a day on which the ASX is open for trading.
BPO	means BioProspect's ASX code name
CHES	Clearing House Electronic Subregister System, operated by ASTC.
Closing Date	the date on which the Offer closes, being 5pm (AEDT) on 24 November 2010. This date may be varied without prior notice by the Company.
Company or BioProspect	BioProspect Limited ABN 58 008 130 336
Constitution	means the constitution of the Company.
Corporations Act	the Corporations Act 2001 (Cth).
Directors	the directors of BioProspect.

Eligible Shareholders	Shareholders recorded in the Company's share register on the Record Date as having a registered address in Australia or New Zealand.
Entitlement	<p>the right of Eligible Shareholders to subscribe for:</p> <p>(a) one (1) Rights Share for every two (2) Shares held on the Record Date plus a free bonus issue of a New Option for every Right Share subscribed for; and/or</p> <p>(b) (b) one (1) Loyalty Options for every two Share held on the Record Date under the Offer,</p> <p>in accordance with the Offer.</p>
Entitlement and Acceptance Form	a Shareholder's personalised Entitlement and Acceptance Form accompanying this Prospectus.
Exercise Price	\$0.05 per Loyalty Option to acquire a Share and \$0.03 per New Option to acquire a Share.
Existing Options	the options over fully paid ordinary Shares that are already issued to Shareholders which have not been exercised and have not expired yet. The Existing Options are not listed on ASX.
Expiry Date	5pm AEDT on 31 December 2013.
Issue	the issue of Loyalty Options, New Options and Rights Shares pursuant to this Prospectus.
Issue Price	0.1 cent per Loyalty Option and 0.5 cents per Rights Share.
Listing Rules	the Listing Rules of ASX.
Loyalty Option	means an option over a Share offered at the Issue Price under the Offer (with an Expiry Date of 31 December 2013 and an Exercise Price of 3 cents).
New Option	means a free bonus option over a Share (with an Expiry Date of 31 December 2013 and an Exercise Price of 3 cents) issued with every Rights Share subscribed for under the Offer).
New Securities	means Rights Shares, New Options and Loyalty Options, offered under this Prospectus.
Offer	subject to the terms set out in this Prospectus, the non-renounceable offer of up to the following New Securities to Eligible Shareholders in

accordance with their Entitlement:

- 318,556,782 Loyalty Options ;
- 318,556,782 Rights Shares; and
- 318,556,782 New Options.

Offer Costs	direct costs of the Offer including fees paid to the underwriter, advisers and consultants and to providers of specific services to cover printing and postage costs.
Official List	has the meaning given to that term by the Listing Rules.
Official Quotation	means official quotation by the ASX.
Opening Date	10 November 2010.
Prospectus	means this document as amended by the issue of any supplementary or replacement prospectus from time to time.
R & D	research and development.
Rights Share	means a Share offered at an Issue Price of 0.5 cents under the Offer.
Record Date	7pm AEDT on 4 November 2010.
SCH	Securities Clearing House.
Shareholder	a person who holds a Share in the Company.
Shares	fully paid ordinary shares in the Company.
Shortfall	means any New Securities not taken up by Eligible Shareholders in accordance with their Entitlement.
Underwriter	Novus Capital Limited ABN 32 006 711 995.
Underwriting Agreement	means the underwriting agreement entered into by the Company and the Underwriter on 26 October 2010 as described in section 8.6 of this Prospectus.
Underwritten Amount	means \$1,911,341.

11 CORPORATE DIRECTORY

Directors

Dr M. F. Quinlan *Chairman*

C. Pellegrino *Managing Director*

A. Langdon

Company Secretary

C. H. Johnston

Registered Office

Suite 6, Level 3

320 Adelaide Street

Brisbane QLD 4000

Telephone: (07) 3229 5755

Facsimile: (07) 3229 4655

Sales Office

Suite 4, Level 150 Bourke St

Melbourne VIC 3000

Telephone: (03) 9650 7111

Facsimile: (03) 9662 1766

Auditors

William Buck (Qld)

Level 2 102 Adelaide Street

Brisbane QLD 4000

Underwriter

Novus Capital Limited

Level 24, 56 Pitt Street

Sydney NSW 2000

Share Register

Computershare Investor Services Pty Limited

GPO Box 253

Sydney NSW 2001

1300 032 543 (within Australia)

03 9938 4378 (outside Australia)

Home Exchange

ASX Limited

Exchange Plaza, 2 The Esplanade

Perth WA 6000



ABN 58 008 130 336



Please return completed form to:
Computershare Investor Services Pty Limited
GPO Box 253 Sydney
New South Wales 2001 Australia
Enquiries (within Australia) 1300 032 543
(outside Australia) 61 3 9938 4378

000001
000
SAM
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



I 1234567890 I N D

Use a black pen.
Print in CAPITAL letters
inside the grey areas.

Form with boxes for letters A, B, C and numbers 1, 2, 3

For your security keep your SRN/HIN confidential.

Entitlement and Acceptance Form

This personalised form can only be used in relation to the securityholding represented by the SRN or HIN printed above. This is an important document and requires your immediate attention.

Rights Share Offer closing 5.00pm (AEDT) on 24 November 2010

Non-Renounceable Entitlement Offer of 1 Rights Share for every 2 Shares registered and entitled to participate at the Record Date at an Issue Price of A\$0.005 per Rights Share.

Receipt of the slip below by 5.00pm (AEDT) on 24 November 2010 with your payment, utilising the payment options detailed overleaf, will constitute acceptance in accordance with the terms of the Prospectus dated 26 October 2010.

I/We enclose my/our payment for the amount shown below being payment of A\$0.005 per Rights Share. I/We hereby authorise you to register me/us as the holder(s) of the Rights Shares and New Options allotted to me/us, and I/we agree to be bound by the Constitution of the Company and the terms of issue of the Rights Shares and New Options contained in the Prospectus.

Securityholder Entitlement details table with fields for Subregister, Existing Shares, Entitlement to Rights Shares, Amount payable, and Entitlement Number.

B P O

2 N R B

See back of form for completion guidelines
123235_STD - V2

PLEASE DETACH HERE



Please see overleaf for Payment Options

Ent: X,XXX Pay: X,XXX

Biller Code: 123456
Ref No: 1234 5678 9012 3456 78

B Number of Rights Shares applied for

C Amount enclosed at A\$0.005 per Rights Share

D Payment Details - Please note that funds are unable to be directly debited from your bank account. Fields for Drawer, Cheque number, BSB number, Account number, Cheque amount.

E Contact Details. Please provide your contact details in case we need to speak to you about this slip. Name of contact person.

Contact person's daytime telephone number.

1234567890123456+1234567890-1234+12

How to complete the Entitlement and Acceptance Form

Note that photocopies will not be accepted. These instructions are cross-referenced to each section of the Entitlement and Acceptance Form.

A Details of your Entitlement based on your Securityholding at 5.00pm (AEDT) on 4 November 2010 are shown in box A on the front of this Entitlement Form..

B New Securities Accepted

You can apply to accept either all or part of your Entitlement. Enter in box B the number of Rights Shares you wish to accept from your Entitlement. With every one Rights Share taken up, Shareholders will be issued a bonus New Option.

Please ensure you complete Section B on the bottom of the form.

C Acceptance Monies

Enter the amount of Acceptance Monies. To calculate the amount payable, multiply the number of Rights Shares applied for by \$0.005.

Please ensure you complete Section C on the bottom of the form.

D Payment Details

You can apply for shares utilising the payment options detailed below. **Please note that funds are unable to be directly debited from your bank account.**

By making your payment using either electronic means or by cheque, bank draft or money order, you confirm that you:

- agree to all of the terms and conditions as detailed in the Prospectus dated 26 October 2010

Your cheque, money order or bank draft must be made in Australian currency and drawn on an Australian branch of a financial institution. Such payment must be made payable to BioProspect Limited – Rights Offer A/C and crossed "Not Negotiable". Payments not properly drawn may be rejected.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Acceptance form being rejected. Paperclip (do not staple) your cheque(s) to the form where indicated. Cash will not be accepted. Receipt of payment will not be forwarded.

E Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding the slip below.

The directors reserve the right to make amendments to this form where appropriate. Unless the context requires otherwise, capitalised terms used in this form have the meanings provided in the definitions section of the Prospectus.

Lodgement of Acceptance

If you are applying for securities and your payment is being made by BPAY®, you do not need to return the slip below. Your payment must be received by no later than 5.00pm (AEDT) on 24 November 2010.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Ensure you have read and accurately followed your banking institution's BPAY FAQ or other instructions prior to making multiple payments for multiple holdings under this offer. Neither CIS nor BioProspect's accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time. If you are paying by cheque, bank draft or money order the slip below must be received by Computershare Investor Services Pty Limited (CIS) Sydney by no later than 5.00pm (AEDT) on 24 November 2010. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for security holders in Australia. New Zealand holders will need to affix the appropriate postage. Return the slip below with cheque attached.

Neither CIS nor the Company accepts any responsibility if you lodge the slip below at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning this form or your entitlement, please contact CIS on 1300 032 543.

This form may not be used to notify your change of address. For information please contact CIS on 1300 032 543 or visit the share registry at www.computershare.com (Certificated/Issuer Sponsored Holders only).

CHES holders must contact their Controlling Participant to notify a change of address.

123235_STD - V1

© Registered to BPAY Pty Ltd ABN 69 079 137 518

Payment Options:



Billers Code: 123456

Ref No: 1234 5678 9012 3456 78

Telephone & Internet Banking – BPAY

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: www.bpay.com.au



**BioProspect Limited
c/o Computershare Investor
Services Pty Limited
GPO Box 253
Sydney, New South Wales 2001
AUSTRALIA**



Entitlement Number: <xxxxxxxxxx>

SAMPLE CUSTOMER
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN TAS 7000

C N R B

B P O





ABN 58 008 130 336

Computershare

Please return completed form to:
Computershare Investor Services Pty Limited
GPO Box 253 Sydney
New South Wales 2001 Australia
Enquiries (within Australia) 1300 032 543
(outside Australia) 61 3 9938 4378

000001
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SAM
MR JOHN SMITH 1
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Securityholder Reference Number (SRN)



I 1234567890 I N D

Use a black pen.
Print in CAPITAL letters
inside the grey areas.

Form with boxes for letters A, B, C and numbers 1, 2, 3

For your security keep your SRN/HIN confidential.

Entitlement and Acceptance Form

This personalised form can only be used in relation to the securityholding represented by the SRN or HIN printed above. This is an important document and requires your immediate attention.

Loyalty Option Offer closing 5.00pm (AEDT) on 24 November 2010

Non-Renounceable Entitlement Offer of 1 Loyalty Option for every 2 Shares registered and entitled to participate at the Record Date at an Issue Price of A\$0.001 per Loyalty Option.

Receipt of the slip below by 5.00pm (AEDT) on 24 November 2010 with your payment, utilising the payment options detailed overleaf, will constitute acceptance in accordance with the terms of the Prospectus dated 26 October 2010.

I/We enclose my/our payment for the amount shown below being payment of A\$0.001 per Loyalty Option. I/We hereby authorise you to register me/us as the holder(s) of the Options allotted to me/us, and I/we agree to be bound by the Constitution of the Company and the terms of issue of the Loyalty Options contained in the Prospectus.

Securityholder Entitlement details table with fields for Subregister, Existing Shares, Entitlement to Loyalty Options, Amount payable, and Entitlement Number.

B P O

2 N R B

See back of form for completion guidelines
123235_OPT - V1

PLEASE DETACH HERE



Please see overleaf for Payment Options

Ent: X,XXX Pay: X,XXX

Biller Code: 123456
Ref No: 1234 5678 9012 3456 78

B Number of Loyalty Options applied for

C Amount enclosed at A\$0.001 per Loyalty Option

D Payment Details - Please note that funds are unable to be directly debited from your bank account. Fields for Drawer, Cheque number, BSB number, Account number, Cheque amount.

E Contact Details. Please provide your contact details in case we need to speak to you about this slip. Name of contact person.

Contact person's daytime telephone number.

1234567890123456+1234567890-1234+12

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B New Securities Accepted

You can apply to accept either all or part of your Entitlement. Enter in box B the number of Loyalty Options you wish to accept from your Entitlement.

Please ensure you complete Section B on the bottom of the form.

C Acceptance Monies

Enter the amount of Acceptance Monies. To calculate the amount payable, multiply the number of Loyalty Options applied for by \$0.001.

Please ensure you complete Section C on the bottom of the form.

D Payment Details

You can apply for Loyalty Options utilising the payment options detailed below. **Please note that funds are unable to be directly debited from your bank account.**

By making your payment using either electronic means or by cheque, bank draft or money order, you confirm that you:

- agree to all of the terms and conditions as detailed in the Prospectus dated 26 October 2010

Your cheque, money order or bank draft must be made in Australian currency and drawn on an Australian branch of a financial institution. Such payment must be made payable to BioProspect Limited – Rights Offer A/C and crossed “Not Negotiable”. Payments not properly drawn may be rejected.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Acceptance form being rejected. Paperclip (do not staple) your cheque(s) to the form where indicated. Cash will not be accepted. Receipt of payment will not be forwarded.

E Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding the slip below.

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Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Ensure you have read and accurately followed your banking institution's BPAY FAQ or other instructions prior to making multiple payments for multiple holdings under this offer. Neither CIS nor BioProspect's accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time. If you are paying by cheque, bank draft or money order the slip below must be received by Computershare Investor Services Pty Limited (CIS) Sydney by no later than 5.00pm (AEDT) on 24 November 2010. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for security holders in Australia. New Zealand holders will need to affix the appropriate postage. Return the slip below with cheque attached.

Neither CIS nor the Company accepts any responsibility if you lodge the slip below at any other address or by any other means.

Privacy Statement

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c/o Computershare Investor
Services Pty Limited
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AUSTRALIA**



Entitlement Number: <xxxxxxxxxx>

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