



THE MANAGER
COMPANY ANNOUNCEMENTS
AUSTRALIAN STOCK EXCHANGE
LEVEL 4, 20 BRIDGE STREET
SYDNEY NSW 2000

25 January 2007

**QUARTERLY REPORT FOR PERIOD ENDED 31 DECEMBER 2006
AND APPENDIX 4C**

Corporate

The Company held its AGM in Perth on 29 November 2006. General Manager, Mr Warwick Dowse gave a presentation of the company's vision and current major activities which was released to the market on the same day and is also available on the company's website.

Finance

The attached Appendix 4C shows that the company ended the December quarter with just over \$1.4m cash on hand and is well placed to undertake significant research and development activities pertaining to its natural termiticide product "TERMILONE™".

Development Projects

TERMILONE™ (PREVIOUSLY AP778)

This quarter has seen significant progress on finalising the detailed research and development programmes with collaborators in order to ensure eventual registration with the Australian Pesticides and Veterinary Medicines Association (APVMA). The following is a summary of the key contractors and research work commenced during the quarter:-

Ensis – A joint venture between CSIRO FFP Pty Ltd and Scion Australia. Ensis is developing a number of formulations that will be used to carry the active ingredient (Eremophilone Oil) in TERMILONE for the impregnation into commercial timber products. This stage commenced in November and is expected to be completed by the end of February 2007. The impregnated timber samples will then undergo bioassay and analytical assessment.

ICP Firefly Pty Ltd - Work commenced in December 2006 on the second level genotoxicity trials. The results of these trials should be available by the end of February 2007. The company has already completed the first stage genotoxicity work with positive (low toxicity) results. Further toxicity work will continue based on the second level genotoxicity results.

Eureka! AgResearch (Vic) Pty Ltd. This project also commenced in November 2006 in order to develop formulations for the contact spray application of TERMILONE on existing termite incursions. This is an essential early stage task to determine whether the oil can be made into a formulation that is stable with known low toxicity co-formulants (food grade products). Results are due in early February 2007. Bioassay work will commence as soon as a number of formulations are chosen by the company.

University of Western Sydney (UWS). The UWS have been working with BioProspect for a number of years and managed the TERMILONE™ trials at Narrandera for the 2 year timber field study completed in September 2006. BioProspect yesterday appointed UWS to conduct regulatory data generation work for TERMILONE™. UWS will be the lead contractor and will manage and complete trials and other development projects to ensure successful registration of TERMILONE™

The UWS, led by Associate Professor Robert Spooner-Hart will generate data on the compound in association with Southern Cross University (Centre for Phytochemistry and Pharmacology) and CSIRO (Ensis).

Stage 1 of the project will cover bioassay analysis, analytical methods and biochemical properties on the compound and the end use products being developed by BioProspect and other contracted parties. This is expected to take approximately 6 months with key milestones related to efficacy of the compound on termites tested under Australian and international standards.

Over the next 18 months BioProspect Ltd will generate data on its natural termite compound with the objective of gaining registration in Australia in mid 2009 for the active constituent, Eremophilone Oil and at least three commercial products that will use the TERMILONE™ name.

Under the arrangement with UWS, BioProspect will retain all commercial rights to TERMILONE™ whilst UWS will be granted a non-exclusive royalty free licence to use the project Intellectual Property for research and education purposes other than commercialisation.

BioProspect Ltd has applied for a registered Trade Mark using TERMILONE™ as the commercial brand name.

Commercial Ready Grant

The Company is finalising a submission for a Commercial Ready Grant which should be submitted for review in February 2007. The Commercial Ready Grant is an AusIndustry initiative whereby funding for the project is matched dollar for dollar over the life of the project. A successful outcome for the grant would result in significant funding inflow to the company for its TERMILONE™ project.

Apath LLC

During the quarter, BioProspect supplied additional plant extracts and sub-fractions at the request of Apath LLC. Apath continues with their analysis of samples that have been sent to them in prior periods and have several samples in stage 2 which are showing positive activity in regards to Hepatitis C (HCV).

Astrum Therapeutics Pty Ltd

Astrum's drug development program continued to move ahead during the quarter with synthesis of new chemical entities being performed at facilities in Melbourne. Since June 2006 Astrum has had two new chemical entities (NCE's) produced. The optional delivery of an additional four NCE's may take place in March quarter 2007. Astrum is currently negotiating with a second synthetic chemistry group in Perth, Western Australia for synthesis of four NCE's that Astrum believes will round out the initial chemistry needs for the drug development program.

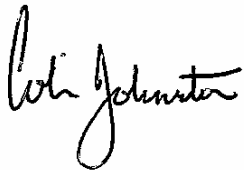
Astrum currently has three patent applications at various stages of submission/review. The Astrum patent related to novel NCE's that prevent the death of pancreatic beta-cells received a favourable initial response with respect to novelty from the European patent office (EPO). The EPO suggested restructuring the initial single patent into several smaller patents. Astrum has approximately one year to determine the best course of action for this patent's final structure.

The second patent related to novel medicine combinations aimed at treating diabetes and diabetes-related illnesses and, the third patent relate to Astrum's drug technologies for the treatment of Alzheimer's disease have not yet been reviewed by the EPO. None of the Astrum patents has been reviewed in full by the United States patent office. Astrum scientists continue to identify and develop other molecular targets and clinical targets for diabetes and diabetes-related disorders.

Qcide

The company continues to work on achieving a commercial outcome for Qcide.

Yours sincerely



Colin Johnston

Company Secretary

APPENDIX 4C FOLLOWS

Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

BIOPROSPECT LIMITED

ABN

58 008 130 336

Quarter ended ("current quarter")

31 DECEMBER 2006

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (.6... months) \$A'000
1.1 Receipts from customers	8	8
1.2 Payments for		
(a) staff costs	(102)	(206)
(b) advertising and marketing	-	-
(c) research and development	(22)	(38)
(d) leased assets	-	-
(e) other working capital	(99)	(185)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	35
1.5 Interest and other costs of finance paid	(2)	(4)
1.6 Income tax rebate received	-	-
1.7 Other – Grants received	-	-
Other - GST	(14)	(18)
Net operating cash flows	(208)	(408)

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(208)	(408)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property		
(d) physical non-current assets	-	(1)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	4
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	-	3
1.14 Total operating and investing cash flows	(208)	(406)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(208)	(406)
1.21 Cash at beginning of quarter/year to date	1,613	1,811
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	1,405	1,405

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	40
1.25	Aggregate amount of loans to the parties included in item 1.11	-
1.26	Explanation necessary for an understanding of the transactions	
	The amounts paid in item 1.24 relate to payments for executive services, non-executive services, corporate advisory services provided by directors or associated parties.	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	8	5
4.2 Deposits at call	1,397	1,608
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	1,405	1,613

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-nil	-nil
5.2 Place of incorporation or registration	-nil	-nil
5.3 Consideration for acquisition or disposal	-nil	-nil
5.4 Total net assets	-nil	-nil
5.5 Nature of business	-nil	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
Company Secretary

Date: 25.01.2007

Print name: Colin Johnston

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a)- policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.