

Supplementary prospectus

BioProspect Limited ACN 008 130 336

This supplementary prospectus, prepared by BioProspect Limited ACN 008 130 336 (**BioProspect**) is dated 1 November 2010 (**Supplementary Prospectus**) and was lodged with ASIC and ASX on the same date. The Supplementary Prospectus is intended to be read in conjunction with the Prospectus dated 26 October 2010 relating to the pro rata non-renounceable rights issue offer of ordinary shares and options in BioProspect which is intended to raise approximately \$1.91 million (before Offer Costs).

Neither ASIC nor ASX takes responsibility for the contents of this Supplementary Prospectus. Capitalised terms used in this Supplementary Prospectus have the same meaning as those defined in the Prospectus, unless indicated otherwise. The information below is intended to supplement and amend the information presently contained in the Prospectus.

Settlement of legal dispute with Solagran Limited (Solagran)

- 1 The information below updates the disclosure contained in the following sections of the Prospectus:
 - (a) section 2.1, under the heading 'AGRIPRO'; and
 - (b) section 3.2, under the heading 'Legal Dispute with Solagran Limited (ASX:SLA).
- 2 As announced to the market on 27 October 2010, BioProspect has withdrawn its court case against Solagran after mediation in Melbourne and Solagran has withdrawn its cross claim. The parties have agreed that the Development Agreement dated 22 August 2007 has been terminated and to pursue their business strategies separately.

The aim of the Offer

- 3 The first paragraph on page 5 of the Prospectus is to be deleted and replaced with the following:

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 for gastro intestinal care in horses including treatment for EGUS (equine gastric ulcer syndrome) and *AGRIPRO*[™] Topical Gel 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.
- 4 In section 2.1, the text under the heading 'AGRIPRO[™]' on pages 17 to 19 (excluding the text under the heading 'REGEN[™]') is to be deleted and replaced with the following:

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 *AGRIPRO*[™] products evaluated in selected markets including New Zealand, UAE, USA and Europe, with initial focus on equine market.

- *GI-GUARD*[®] and *AGRIPRO*[™] developed as unique brands for products used 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 as a natural veterinary health product in horses. This application was submitted based on Conifer Green Needle Complex (CGNC) sourced from Solagran, but will now be based on material sourced from an alternative supplier as Coniferous Chlorophyll-Carotene Paste (CC-CP).

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 October 27 2010 the Development Agreement was formally terminated.

In September 2010, BioProspect signed a Terms Sheet with an alternative supplier of raw materials 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. 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 have been identified 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.

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 agreements to support commercialisation programs *AGRIPRO*[™] products 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.

Underwriting arrangements

- 5 Section 8.6 of the Prospectus, which refers to BioProspect's underwriting arrangements, is to be modified by deleting paragraph 20, which refers to Novus' right to terminate the underwriting agreement as a result of certain conduct involving the sub-underwriter. Novus and BioProspect entered into legal documentation in relation to this on 1 November 2010.

Changes to offer timetable

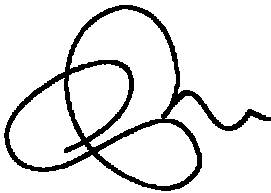
- 6 On pages 7 and 10 of the Prospectus, the 'Anticipated date of Official Quotation of New Securities' is referred to as '7 December 2010'. This date is to be deleted and replaced with '3 December 2010'.

Handling fees

- 7 Section 1.11 of the Prospectus should be deleted in its entirety on the basis that the Company will not pay any handling fees to ASX participating organisations.

Consents

- 8 Each of the Directors has consented to the issue and lodgement of this Supplementary Prospectus. None of the Directors have withdrawn their consent before this Supplementary Prospectus was lodged with ASIC.



Signed on behalf of BioProspect
by
Charles Pellegrino
Managing Director

Dated 1 November 2010