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**The Manager
Company Announcements
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TOXICITY TEST MILESTONE ACHIEVED FOR TERMILONE^R

BioProspect Ltd (ASX: BPO) today announced promising dermal toxicity results for its termite compound TERMILONE^R.

The work was started in September 2007 at an Australian accredited animal research facility. The recent testing forms part of the company's regulatory pathway towards achieving registration of Eremophilone Oil as an approved active ingredient with the Australian Pesticides and Veterinary Medicines Authority (APVMA).

The oil will be the active compound in the TERMILONE^R product range that is proposed for use in the termite control and deterrence markets.

The APVMA requires that toxicity tests of this nature are carried out to determine exposure risks and hazard ratings for humans that come into direct and indirect contact with TERMILONE^R product applications.

Study Rationale:

The dermal toxicity of TERMILONE^R (100% Eremophilone oil derived from *Eremophila mitchellii*) is tested under an international protocol called the 28-Day Short-term dermal toxicity assessment. A preliminary 12-day experimental period was finalised in November 2007 to establish the NOAEL (no observed adverse effect level) of the compound.

The NOAEL level is the greatest concentration or amount of a substance found by experiment or observation, which causes no detectable adverse alteration of morphology, functional capacity, growth, development, or life-span of the mammal under defined conditions of exposure.

In this case the NOAEL is 1000 mg/kg and the reported results are:

- No mortality
- No clinical abnormality
- No erythema or oedema
- No gross abnormality in the major organs

A testing rate of 1000 mg/kg exceeds the likely rates that will be used in the trial commercial formulations consequently a 'non-toxic' rating is very favourable.

The net result from this allows the company to proceed with a specific 28-day dermal toxicity test with the knowledge that high doses are non-toxic which eliminates the need for expensive multi-dose and treatment regimes. This in-turn reduces the costs of the next study and the time taken to generate further data.

BioProspect Managing Director Warwick Dowse, said, "This is an excellent result and the company can now proceed with further toxicological work according to the work plan set out by the company and its regulatory consultant, DeGroot Technical Services. Testing will begin in early January 2008 and this is much earlier than expected.

The mammalian toxicity testing so far has shown that TERMILONE^R is a very safe compound for human exposure, yet highly toxic for the target species, termites. We can now proceed in confidence with further mammalian tests to satisfy the regulatory authorities as well as the fast-tracked environmental and manufacturing studies that are now under-way.

Should we reach our next milestones in 2008, a regulatory submission will go in earlier than expected and this is excellent news for the company".

TERMILONE^R is the companies naturally derived and produced termite compound that will have commercial applications as a contact spray, barrier treatment and timber treatment.

Yours sincerely

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

Colin Johnston
Company Secretary