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The Manager
Company Announcements
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BIOPROSPECT ANNOUNCES TOXICITY TEST RESULTS

BioProspect Ltd (ASX: BPO) announced today that recent mammalian toxicity results conducted on its termite compound TERMILONE™ have shown exciting results.

The Tier 1 genotoxicity tests conducted under strict OECD principles of good laboratory practice (GLP) indicated that the Eremophilone oil extracted from the Australian native tree *Eremophila mitchellii* has no clastogenic (A substance that causes chromosomal damage) or mutagenic properties (A substance that causes mutations).

The work was started in late 2006 at an Australian accredited animal research facility as 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™ product range that are proposed for use in the termite control and deterrence markets.

The APVMA requires 4 genotoxicity studies and in this case the first 2 studies (*In Vivo* Micronucleus (OECD 474) and Bacterial Reverse Mutation (OECD 471) revealed negative genotoxicity results. Due to this, BioProspect Ltd does not need to continue with the next 2 studies in Tier 2.

Study Rationale:

The micronucleus test is an *In Vivo* (within the organism) test that detects damage to the chromosomes or mitotic apparatus by chemicals.

The bacterial reverse mutation (Ames test) detects chemical agents that are capable of inducing pair substitutions or frame-shift mutations, which have implications for carcinogenicity.

The most recent tests on Eremophilone Oil showed no clastogenic or mutagenic activity.

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.

Yours sincerely

A handwritten signature in black ink, appearing to read "Colin Johnston". The signature is written in a cursive style with a large initial 'C' and a long, sweeping tail.

Colin Johnston
Company Secretary