

BIOPHARMICA LIMITED

ACN 095 912 002

SUPPLEMENTARY PROSPECTUS

A Supplementary Prospectus containing particulars of changes and supplements the Prospectus dated 4 November 2004, issued by BioPharmica Limited ACN 095 912 002 in respect of an offer of 4,167,851 Shares at 20 cents per Share and 2,083,925 free attaching Options on a 1 for 2 basis to raise \$833,570 to Shareholders pursuant to the BioPharmica Limited Shareholders Purchase Plan.

IMPORTANT INFORMATION

This Supplementary Prospectus supplements and should be read together with the Prospectus dated 4 November 2004 (**Original Prospectus**) issued by BioPharmica Limited (**Company**).

This Supplementary Prospectus is dated 21 December 2004. A copy of this Supplementary Prospectus was lodged with the ASIC and ASX on 21 December 2004. No responsibility for the contents of this Supplementary Prospectus is taken by the ASIC or ASX.

Unless otherwise indicated, defined terms used in this Supplementary Prospectus have the same meaning as given to those terms in the Original Prospectus. To the extent of any inconsistency between the Supplementary Prospectus and the Original Prospectus, the provisions of the Supplementary Prospectus will prevail.

This document is important and should be read in its entirety. If you do not understand its contents, you should consult your stockbroker, accountant, or other professional adviser without delay.

SECTION 6 OF THIS SUPPLEMENTARY PROSPECTUS DEALS WITH HOW TO APPLY FOR YOUR ENTITLEMENT. ALL NEW APPLICATIONS FOR SHARES MUST BE MADE ON THE ENTITLEMENT AND ACCEPTANCE FORM ACCOMPANYING THIS SUPPLEMENTARY PROSPECTUS.

SUPPLEMENTARY INFORMATION

Pursuant to section 719(4) of the Corporations Act, the information set out below is taken to be included in the Original Prospectus.

1. INTRODUCTION

The Company has prepared this Supplementary Prospectus as a result of the offer made under the Original Prospectus being substantially oversubscribed.

This Supplementary Prospectus will result in a number of changes being made to various sections of the Original Prospectus. Details of each change and the reasons for the change are set out below.

2. SUMMARY OF REVISED OFFER

By this Supplementary Prospectus, the Company offers to Shareholders on the register on 15 November 2004 pursuant to an SSPP an additional 2,082,150 Shares at an issue price of 20 cents each payable in full on application to raise up to \$416,430 (before costs of the Issue). Pursuant to the SSPP, each Shareholder may apply for Shares at a minimum of \$1,000 and a maximum of \$5,000. Every two (2) Shares subscribed for will entitle the Subscriber to one (1) free attaching Option. A maximum of 1,041,075 Options will be granted.

The Company reserves the right to place any shortfall within three (3) months of the date of this Supplementary Prospectus.

3. EFFECT OF THE ISSUE ON THE CAPITAL STRUCTURE OF THE COMPANY

Pursuant to the Original Prospectus, a maximum of 4,167,851 Shares and 2,083,925 Options will be issued. Under this Supplementary Prospectus, a further 2,082,150 Shares and 1,041,075 Options will be issued (**Offer**).

Upon completion of the Offer, the issued capital of the Company will comprise:

SHARES	NUMBER
Issued capital at date of Original Prospectus	41,678,508
Offered pursuant to Original Prospectus	4,167,851
Offered pursuant to Supplementary Prospectus	2,082,150
Post completion of Offer¹	47,928,509

OPTIONS	NUMBER
Restricted Options granted as at the date of Original Prospectus ²	8,000,000
Options issued pursuant to the September 2004 Prospectus	18,634,386
Options offered pursuant to Original Prospectus	2,083,925
Options issued pursuant to the Underwriting Agreement	1,000,000
Options issued pursuant to Supplementary Prospectus	1,041,075
Post completion of the Offer³	30,759,386

Note:

- 1 Assumes the Offer is fully subscribed.
- 2 The terms of these Options are set out in the May 2004 Prospectus.
- 3 Assumes the Offer is fully subscribed.

The proceeds from the Issue will be up to \$1,250,000.

4. MARKET PRICES OF SHARES AND OPTIONS

As a result of the passing of time since the Original Prospectus, delete section 9.1 set out on page 17 of the Original Prospectus and replace it with the following:

Shares in the Company began trading on 6 August 2004. The weighted average price for the Company Shares in the last five (5) days leading into the date of this Supplementary Prospectus is 20 cents. The highest price of the Company's Shares since listing is 25 cents on 6 August 2004 and the lowest price was 17.5 cents on 27 August 2004.

The Options began trading on 1 November 2004. The highest trading price for the Options in the last five (5) days leading into the date of the Supplementary Prospectus was 4.9 cents on 16 December 2004 and the lowest trading price was

4.9 cents on 16 December 2004. The weighted average price for the Options in the last five trading days was 4.9 cents.

5. PROFORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As a result of the increased level of capital raising under this Offer, the Pro-Forma Consolidated Statement of Financial Position outlined in section 6.2 on page 12 of the Original Prospectus should be deleted and replaced with the following.

Set out below is:

- (a) an unaudited Pro-Forma Consolidated Statement of Financial Position of the Company as at 29 July 2004; and
- (b) an unaudited Pro-Forma Consolidated Statement of Financial Position of the Company as at 29 July 2004 and incorporating the effect of the capital raising of \$1,250,000.

	Pro Forma (A) 29 July 2004	Pro Forma (B) Post \$1,250,000
Current Assets		
Cash	2,093,656	3,062,074
Receivables	26,418	14,521
Total Current Assets	2,120,073	3,076,595
Non Current Assets		
Other Investments	391,935	499,935
Total Non Current Assets	391,935	499,935
Total Assets	2,512,008	3,160,100
Current Liabilities		
Payables	45,526	61,009
Total Current Liabilities	45,526	61,009
Total Liabilities	45,526	61,009
Net Assets	2,466,482	3,515,521
Equity		
Contributed Equity	2,612,708	3,934,250
Accumulated Losses	-146,226	-418,729
Total Equity	2,466,482	3,515,521

The proforma transactions (A) are the same as in Note 2 of the Independent Accountants Report in the May prospectus with the following adjustments:

- (a) Paragraph (d) – The Issue of 12,974,500 shares at 20 cents each raising \$2,594,900; and
- (b) Paragraph (e) – Payment of expenses relating to the prospectus and share issue of approximately \$309,127 that will be offset against capital raised.

6. PURPOSE OF THE OFFER

As a result of the increased funds to be raised under the Offer, delete section 3.1 on page 6 of the Original Prospectus and replace with:

The purpose of this Offer is principally to fund working capital and the new projects undertaken by the Company. The funds raised by the Offer of \$1,250,000 will be used as additional working capital for the Company and also to meet issue expenses. The funds will be put to use in the following way:

USE OF FUNDS	
Capital Raised	\$1,250,000
Cortical dynamics	525,000
SERS Probe	100,000
Working Capital	567,642
Expenses of Offer	57,358

In the event that Shares subscribed for under the Offer is greater than \$833,570 minimum subscription but less than \$1,250,000, the Company will scale back from its intended use of funds had the Offer being fully subscribed in the following order:

- (a) Cortical dynamics by up to \$65,000;
- (b) SERS Probe by up to 0; and
- (c) working capital by up to \$416,430.

It must be noted that the table set out above is a statement of present intention only as at the date of the Supplementary Prospectus. The exact quantum of funds expended by the Company on any particular item may alter.

7. THE ISSUE

Due to the increased amount of funds to be raised under the Offer, Section 3.2 on page 6 of the Original Prospectus should be deleted and replaced with the following:

By this Prospectus, the Company offers to Shareholders on 15 November 2004 pursuant to an SSPP, 6,250,001 Shares at an issue price of 20 cents each payable in full on application to raise up to \$1,250,000 (before costs of the issue). Each Shareholder may apply for Shares at a minimum of \$1,000 and a maximum of \$5,000. Every two (2) Shares subscribed for will entitle the Subscriber to one (1) free attaching Option. A maximum of 3,125,001 Options are therefore offered.

The Company reserves the right to place any shortfall within three (3) months from the date of this Prospectus.

8. CLOSING DATE

Due to the extension of the Offer, section 3.7 on page 7 of the Original Prospectus should be deleted and replaced with the following:

The Closing Date for the Offer is 5:00pm WST on 24 December 2004. Applications will be dealt with by the Company on a time received basis. The directors reserve the right to close the Offer prior to the Closing Date should the Offer become filled. Further, the directors reserve the right to extend the Closing Date

should it be considered by them necessary to do so. As such, the date the Shares are expected to commence trading on ASX may vary with any change in the Closing Date.

9. APPLICATIONS

9.1 Shareholders who HAVE NOT previously submitted an Application

All new applications for Shares must be made on the Application Form attached to or accompanying this Supplementary Prospectus. The Application Form contains detailed instructions on how it is to be completed. Applications must NOT be made on the Application Form attached to or accompanying the Original Prospectus.

Each Application Form must be accompanied by payment of \$0.20 per Share. Applications made under this Supplementary Prospectus must be for a minimum of \$1,000 or up to a maximum of \$5,000.

Completed Application Forms and accompanying cheques must be mailed or delivered to:

Security Transfer Registrars
770 Canning Highway
APPLECROSS WA 6153

By no later than 5.00pm on 24 December 2004.

Cheques and drafts should be made payable to "BioPharmica Limited – SSPP Offer Account" and crossed "Not Negotiable".

9.2 Investors who have previously submitted an application under the Original Prospectus

Shareholders who have already lodged an Application Form attached to or accompanying the Original Prospectus for an amount of \$5,000 or an amount they are satisfied with, DO NOT have to complete a further Application Form.

If you have made an Application under the Original Prospectus for an amount less than \$5,000, you may only make Application for an amount that will increase your total investment under the Offer to \$5,000.

NOTE: All other details in relation to the terms of the Issue and other matters under the Original prospectus remain unchanged.

10. DIRECTORS' AUTHORISATION AND RESPONSIBILITY STATEMENT

In accordance with Section 720 of the Corporations Act, each Director of BioPharmica Limited has consented in writing to the lodgement of this Supplementary Prospectus with the ASIC.

DAVID BREEZE
Signed for and on behalf of
BioPharmica Limited

**BIOPHARMICA LIMITED
ACN 095 912 002**

**SHAREHOLDER SHARE PURCHASE PLAN – SUPPLEMENTARY ENTITLEMENT AND ACCEPTANCE FORM
OFFER CLOSES 5.00 PM (WST) ON 24 DECEMBER 2004**

[Insert Name and Address]

This is an offer to eligible shareholder to subscribe for additional shares and free attaching options in BioPharmica Limited under the terms and conditions of the BioPharmica Limited Shareholder Share Purchase Plan (the **Plan**) accompanying this form.

- The **maximum subscription** you can make is \$5,000.(25,000 shares and 12,500 options)
- The **minimum subscription** you can make is \$1,000. (5,000 shares and 2,500)
- You can purchase multiples of \$1000 between the maximum and minimum.

The price for each BioPharmica Limited Share is 20 cents per Share, being equal to a 5 % discount to the average market price of the Company's shares on the ASX for the 5 business days up to the lodgement of the Original Prospectus (**Purchase Price**).

The market price of shares in BioPharmica Limited may rise or fall between the date of this offer and the date that the shares are allotted to you. This means that the subscription price you pay for the shares may exceed the market price of the shares at the date of allotment of the shares under this offer. We recommend that you obtain your own financial advice in relation to this offer and consider price movements of shares in BioPharmica Limited prior to accepting this offer.

The maximum subscription for each shareholder will apply **even if a shareholder received more than one offer** (whether in respect of a joint holding or because the shareholder has more than one holding under separate share accounts). BioPharmica Limited reserves the right to reject any application where this rule has not been complied with.

By accepting the Offer you agree to be bound by the terms and conditions of the BioPharmica Limited Shareholder Share Purchase Plan and the constitution of BioPharmica Limited.

APPLICATION FOR SHARES

I/we being the above mentioned, being registered as ordinary shareholder(s) in BioPharmica Limited as at the record date, do hereby apply for the number of ordinary shares in BioPharmica Limited as indicated below at the Purchase Price per share, issued in accordance with the terms and conditions of the BioPharmica Limited Shareholder Share Purchase Plan. I/we confirm that the total cost of shares purchased by us (including through joint holding(s), multiple share accounts or any holding in which I/we have a beneficial interest(s) does not exceed \$5,000 in accordance with the Applicants Certification and Confirmation.

To participate in the Shareholder Share Purchase Plan, shareholders much select **only one** of the following two options. Applications should be in multiples of \$1,000. Please mark the selected box.

MAXIMUM APPLICATION COMPLETE

shares (\$5,000 cents each

OR

SELECTED AMOUNT – PLEASE

.....shares at X
(minimum of 5000

}shares}

Please complete the following cheque payment details:

Drawer	Bank	Branch or BSB	Amount

Cheques should be made payable to "BioPharmica Limited Share Purchase Plan Account" and crossed "Not Negotiable".

Telephone number where we may contact you during business hours. (____) _____

Contact Name: _____

OFFER CLOSES 5.00 P.M. (WST) ON 24 DECEMBER 2004

Applicant's Certification and Confirmation

By lodging this Entitlement and Acceptance Form you certify that the aggregate of the application price for the following does not exceed \$5,000:

- (a) The BioPharmica Limited ordinary shares that are the subject of this application; and
- (b) Any other BioPharmica Limited ordinary shares applied for by you under the Plan (or any similar arrangement in the 12 months prior to the application), whether:
 - (i) In your own right; or
 - (ii) Jointly with one or more persons; or
 - (iii) In your capacity as a beneficiary (as defined below),

But not including in your capacity as trustee or nominee where it is expressly noted on BioPharmica Limited's register of members that your shareholding is held on account of another person.

If 2 or more persons are recorded in the register of members as jointly holding the BioPharmica Limited shares to which this entitlement relates, they are taken to be a single registered holder and this certificate given by any of them is taken to be given by all of them.

If a trustee or nominee is expressly noted on BioPharmica Limited's register of members as holding the shares to which this entitlement relates on account of another person (the "beneficiary"), this certification and confirmation is taken to be given by the beneficiary in respect of him/her/itself (and not the trustee or nominee).

By lodging this form with your cheque you confirm that you have read, understood and agreed to the terms and conditions of the Plan.

Notes

- The terms and conditions of the Shareholder Share Purchase Plan accompanying this form should be read carefully.
- No priority will be afforded to applicants on the basis of the date of receipt of such applications.
- Payments may only be made by cheque or bank draft in Australian dollars and drawn on an Australian branch of a financial institution.
- Cheques or bank drafts are to be made payable to "**BioPharmica Limited Purchase Plan Account**" and crossed with "Not Negotiable".
- Cheques will be deposited on their day of receipt. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Receipts for payment will not be issued.
- Cash payments will not be accepted via the mail.
- If you wish to accept this offer please return this Entitlement and Acceptance Form duly completed together with a cheque for the subscription amount, in the envelope provided, by 5.00 p.m. (WST) on 24 December 2004.
- BioPharmica Limited may reject an acceptance of this offer, in its absolute discretion, if this form is not completed in accordance with this offer, is incomplete or if the exact amount payable is not tendered with this form.

Receipt by BioPharmica Limited of this form duly completed, together with the full subscription amount, will constitute acceptance in accordance with the terms and conditions of the Shareholder Share Purchase Plan and the constitution of BioPharmica Limited by the shareholder named on this form. A signature on this form is not required.

This offer is not renounceable and as such may only be transferred after the shares are allotted.

QUESTIONS AND CONTACT DETAILS

If you have any questions regarding the Share Purchase Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or BioPharmica Limited's share registry, Security Transfer Registrars on (08) 9315 2333.

By Post or by Hand:
Security Transfer Registrars
770 Canning Highway
APPLECROSS WA 6153