



4 November 2002

Mr John Moran
ASX Limited
2 The Esplanade
PERTH WA 6000

Via facsimile: 9221 2020

Dear Mr Moran

RESPONSE TO ASX QUERY – BioProspect Limited (“Company”)

We refer to your letter dated 1 November 2002 in which the Australian Stock Exchange (“ASX”) requested further information in relation the Company’s 30 September 2002 Quarterly Report (“Appendix 4C”) and its financial circumstances.

The Company responds to each of the queries in corresponding numbered order as follows:

1. The Company’s Quarterly Report “Appendix 4C” for the period to 30 September 2002 reported a cash balance at the end of the quarter of \$277,000.

During the month of October, the Company has completed capital raisings totalling \$865,008 (before costs). This number added to the opening cash balance as at 30 September totals \$1,142,008. The Company estimates that it will incur operating expenditure for the coming quarter of approximately \$600,000.

On this basis, the Company should have adequate cash to fund its activities beyond the coming quarter.

2. As indicated above, the Company will, during the December quarter, continue to have negative operating cash flows. The Company estimates this figure to be approximately \$600,000.

This figure represents a 36% decrease in costs, which reflect the cost savings available to the Company from the re-structure of the science function. The Board continues to closely monitor the Company’s expenditure levels.

The Company has successfully raised a further \$865,008 (before costs) during the month of October via a Share Purchase Plan. The Company has several capital raising initiatives available to it should the Company require to raise further capital in the future.

- 3. The Company confirms that actual expenditure for the quarter ending 30 September 2002 was in line with anticipated expenses for the reporting period.
- 4. Not applicable.
- 5. The Company confirms that it is continuing with the business objectives of the Company as set out in the Company's prospectus of 24 November 2000.

The key focus of the Company currently is the commercialisation of Qcide.

Following the successful completion of the current field work being carried out by Nufarm and Sumitomo, the Company expects to be in a position to sign long-term commercialisation agreements with these companies in regard to Qcide in the early 2003, based on the geographical and market segment requirements of each company. The Company anticipates that these agreements will comprise upfront licence fees, milestone payments and royalty payments for BioProspect.

- 6. The Board of Directors confirm that the Company is in compliance with the ASX Listing Rules and in particular Listing Rule 3.1.
- 7. The Board of Directors believe that the Company's financial condition is adequate in accordance with ASX Listing Rule 12.2.

Yours sincerely



TONY KING
Company Secretary



ASX

AUSTRALIAN STOCK EXCHANGE

FAXED
1 November 2002

Australian Stock Exchange Limited
ABN 98 008 624 691
Level 8
Exchange Plaza
2 The Esplanade
Perth WA 6000

GPO Box D187
Perth WA 6840

Telephone 61 (08) 9224 0013
Facsimile 61 (08) 9221 2020
Internet <http://www.asx.com.au>

Mr Tony King
Company Secretary
BioProspect Limited
Level 9, Suite 17
Christie Centre
320 Adelaide Street
BRISBANE QLD 4000

By facsimile: (07) 3229 4655

Dear Sir

BioProspect Limited (the "Company")

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 30 September 2002 released to Australian Stock Exchange Limited ("ASX") on 31 October 2002, (the "Appendix 4C"), and to the Company's announcements dated 24 July, 4 September 19 September and 1 November 2002, and the announcement accompanying the Appendix 4C (the "Announcements").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$43,000.
2. Net negative operating cash flows for the quarter of (\$939,000)
3. Cash at end of quarter of \$277,000.

In light of the information contained in the prospectus, the Announcements and the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may only have sufficient cash to fund its activities for less than one further quarter. Is this the case, or are there other factors that should be taken into account in assessing the Company's position? We note that since the end of the quarter, the Company has raised \$606,838 through a share purchase, and has raised a further \$258,640 by placing the shortfall of the share purchase plan.
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps, other

- than the capital raisings noted above, has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?
 4. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.
 5. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives as set out in its prospectus? The Company's business objectives and strategies may have changed since the date of the prospectus. If so, this should be taken into account in your response.
 6. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
 7. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

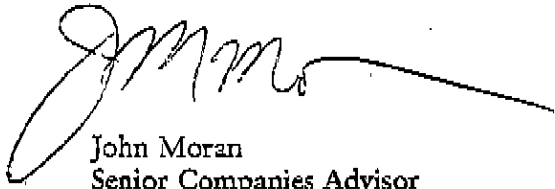
This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on facsimile number (08) 9221 2020. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than the close of business on Wednesday, 6 November 2002.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please let me know.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'J Moran', with a long horizontal flourish extending to the right.

John Moran
Senior Companies Advisor

Direct Line: (08) 9224 0013