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THE MANAGER

COMPANY ANNOUNCEMENTS

AUSTRALIAN STOCK EXCHANGE

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SYDNEY NSW 2000

COMPANY ANNOUNCEMENT

PRESS RELEASE

Builders delight, termites fright.

AP778 shows application in building industry products

BioProspect Limited said today it had received further encouraging results during its ongoing trials of its natural termite product AP778 against termites, showing the naturally-derived oil is able to be impregnated into building and landscaping products.

Chief executive Selwyn Snell said a simple formulation of AP778 was able to penetrate to the centre of a 2.5 centimetre diameter stake of radiata pine, a timber commonly used in houses, with the oil concentration in the wood at around 1 percent when immersed in a 10 percent emulsion.

"The ability to be included in building products means there is potentially a much larger market for AP778 than previously thought," he said.

"Our market targets for the applications of AP778 include impregnation of timber, concrete, plasterboard and gyprock products, blended with paints, stains and landscaping materials, injected into power poles and use in insulation and fire retardant building products.

"The potential for AP778 is considered to be commensurate." Australia is considered the third largest market for termite management systems behind the USA and Japan.

AP778 showed a very high repellency of termites in laboratory tests conducted at the University of Western Sydney.

"A 2 centimetre sand barrier treated with AP778 oil which has been stored for 8 months has remained an effective barrier against one of the most destructive termites occurring in Australia, *Coptotermes acinaciformis*" he said.

Other results include those of a preliminary trial using eucalyptus hard wood timber stakes impregnated with a solution of more than 5 percent oil which have shown that *Nasutitermes exitiosus* another highly damaging subterranean termite species has been deterred for more than three months.

"These trials are ongoing and are a very good endorsement of our previous results and further indicate the potential for AP778".

Mr. Snell said the tests of AP778 have now moved from the laboratory to the field, using impregnated wooden stakes placed at an official testing site near Narrandera west of Wagga Wagga in New South Wales.

"The field trials will provide BioProspect with valuable data required for registration and market development of the product," he said. Further tests will include environmental fate studies, formulations and production.

Mr. Snell said BioProspect had fielded many calls from industry players including pest control operators, research houses, manufacturers, distribution groups and builders.

"Termites pose an enormous problem around the world and there is great interest in a natural product such as AP778 which may be effectively applied by spray or imbedded into building materials," he said.

"The termiticide market has been searching for a chemical to replace organochlorine insecticides that were withdrawn from the Australian market in 1995 because of their negative environmental effects." AP778 is a naturally derived insecticide which is non-toxic to mammals and has shown high repellency and kill rate on termites over an extended period of time.

He said termites were a growing problem with sales of termite control products in the US estimated to exceed US\$ 1.5 billion per annum and replacement of termite damaged timber in the USA is estimated to exceed US\$2.5 billion per annum.

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