27 October 2004

The Manager

Company Announcements

Australian Stock Exchange

Level 10, 20 Bond Street

Sydney NSW 2000

QUARTERLY REPORT FOR PERIOD ENDED 30 SEPTEMBER 2004 AND APPENDIX 4C

The Company provides the following update in regard to its activities:

AP778

BioProspect made significant progress in the research and development of AP778, its natural termite product. As announced on 19 July 2004, scientific trials have shown the product to have high repellency and kill rates over an extended period of time. Following that, trial results announced on 18 October 2004 showed that AP778 is able to be impregnated into building and landscaping products. 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 acinaciforms*. The Field trials being conducted in Narrandera, New South Wales, will provide BioProspect with valuable data required for registration and market development of the product. Further tests will include environmental fate studies, formulations and production.

The termiticide market has been searching for a chemical to replace organochlorine insecticides that were withdrawn from the Australian market in 1995 because of their negative environmental effects.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. Termites are 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. The Company has made significant progress on this product since September 2002 when the product was first discovered, and October 2003, when a PCT patent in regard to the product was lodged. The AP778 project has been jointly funded to date by BioProspect and a Biotechnology Innovation Fund Grant. Sumitomo Japan is now evaluating AP778 for commercial application. The Company is also negotiating with other potential collaborators for further evaluation studies.

Qcide

As previously announced the Company is primarily focussing its development of the product Qcide into the hygiene and industrial segments of the market. BioProspect believes that global annual sales in these sectors are approximately US$2 billion. The Company is focused in these areas because of positive results from collaborators and following advice from APVMA (the Australian regulatory authority) that this is the most effective and fastest path for registration within Australia. Shareholders have previously been advised that the cost of this registration in this area could be expected to be $1.5 million.

Over 50% of the data required for registration in these segments in Australia has been collected. Evaluations of Qcide by Neudorff of Germany and Endura of Italy are ongoing.

Following the preliminary evaluation by a number of international parties, the Company focused its attention on Nufarm and Sumitomo Japan in relation to progressing the research and development of Qcide for crop protection applications.

As previously announced, results from Nufarm on evaluations aimed at the crop protection market have been inconclusive. Other results by Sumitomo have shown some phytoxicity on selective formulations where Qcide was used at heavy rates. Based on independent expert advice from University of Western Sydney, the Company believes formulation work should overcome any phytoxicity. Sumitomo Japan, and subsequently Sumitomo Australia have stopped research of Qcide for crop protection applications and simultaneously Sumitomo Australia commenced evaluation on Qcide on specific hygiene insects.

Data collected for the registration of Qcide for the hygiene and industrial markets will assist with registration projects for Qcide in crop protection applications. The Company presently intends, subject to available funding, to revisit the development and registration of Qcide in the crop protection area following registration of the product in the hygiene industrial markets.

As contemplated by the announcement dated 26 March 2004, the Company has engaged Madison Keats, a US based investment bank, to assist in identifying opportunities for licensing, joint venture or equity participation in Qcide primarily in the US. To date Madison Keats has advised that it has no less than 5 parties who have indicated that they want to assess the opportunities.

On 12 August 2004, BioProspect announced that it had entered into a Heads of Agreement with Perth based company Biogene Technology Pty Ltd ("**Biogene**") for the exclusive grow-out rights for Qcide and the distribution for Qcide consumer products in Australia and New Zealand. The aim of the grow-out programme is to supply active ingredient for Qcide commercialisation.

Hepatitis C Virus (HCV) Research

On 9 August 2004, the Company announced the advancement of its HCV research collaboration with Apath LLC into step three of a four step preclinical research program.

Within the third step of research, BioProspect and Apath will examine the chemical profile of the compounds to confirm the compounds' effectiveness against HCV, and determine its durability of performance.

In Australia, there is an estimated 11,000 new cases of HCV infected reported each year, adding to the 210,000 people that already have the disease. Direct and indirect costs resulting from HCV have conservatively been calculated at $110 million per year.

Tradewyns

The management of Tradewyns Pty Ltd (20% owned by BioProspect) advises that it is working with international distributors on the procurement of products for sale into various international markets.

<ENDS>

For further information:
Selwyn Snell

07 3229 5755

Rule 4.7B

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

BIOPROSPECT LIMITED

ABN	Quarter ended ("current quarter")
58 008 130 336	30 SEPTEMBER 2004

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $A'000	Year to date (.3...months) $A'000
1.1	Receipts from customers		-	-
1.2	Payments for	(a) staff costs	(86)	(86)
		(b) advertising and marketing	(15)	(15)
		(c) research and development	(91)	(91)
		(d) leased assets	(5)	(5)
		(e) other working capital	(169)	(169)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		12	12
1.5	Interest and other costs of finance paid		(1)	(1)
1.6	Income tax rebate received		-	-
1.7	Other – Grants received		13	13
	Other - GST		(9)	(9)
	Net operating cash flows		**(351)**	**(351)**

		Current quarter $A'000	Year to date (3 months) $A'000
1.8	Net operating cash flows (carried forward)	**(351)**	**(351)**
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a)businesses (item 5)	-	-
	(b) equity investments	-	-
		-	-
	(c) intellectual property		
	(d) physical non-current assets	-	-
		-	-
	(e) other non-current assets		
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	-
	Net investing cash flows	**-**	**-**
1.14	**Total operating and investing cash flows**	**(351)**	**(351)**
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
	Net financing cash flows	**-**	**-**
	Net increase (decrease) in cash held	(351)	(351)
1.21	Cash at beginning of quarter/year to date	1,121	1,121
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	**770**	**770**

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	89
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

The amounts paid in item 1.24 relate to payments for executive services, non-executive services, corporate advisory services and company secretarial services provided by directors or associated parties.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
4.1	Cash on hand and at bank	16	195
4.2	Deposits at call	754	926
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	770	1,121

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	-nil	-nil
5.2	Place of incorporation or registration	-nil	-nil
5.3	Consideration for acquisition or disposal	-nil	-nil
5.4	Total net assets	-nil	-nil
5.5	Nature of business		

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ....Date:27.10.2004.....................

Chief Executive Officer

Print name: SELWYN SNELL...

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

   - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
   - 9.2 - itemised disclosure relating to acquisitions
   - 9.4 - itemised disclosure relating to disposals
   - 12.1(a) - policy for classification of cash items
   - 12.3 - disclosure of restrictions on use of cash
   - 13.1 - comparative information

3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.