28 JANUARY 2005

THE MANAGER

COMPANY ANNOUNCEMENTS

AUSTRALIAN STOCK EXCHANGE

LEVEL 4, 20 BRIDGE STREET

SYDNEY NSW 2000

By Elodgement

Quarterly Report for the period ending 31st December 2004 and Appendix 4C

QCIDE

During the quarter, BioProspect made significant progress when it signed a Heads of Agreement with W.Neudorff GmbH of Germany that granted Neudorff the exclusive rights to commercialise Qcide for insect control in the consumer market in the European Territory (see ASX release 18th November 2004).

BioProspect and Neudorff are currently in negotiations to finalise the Product Development Agreement and the proposed activity around the registration of Qcide in Europe. BioProspect has provided further quantities of Qcide and supportive data to assist Neudorff with its registration and development work.

Additionally, BioProspect signed a Licence Agreement with Bio-Gene Technology Limited for the exclusive grow-out rights to produce Qcide in Australia and New Zealand as well as distribute Qcide consumer products in these territories (see ASX release 6th December 2004).

BioProspect has now delivered sufficient *Eucalyptus cloeziana* seed to Bio-Gene to grow in excess of half a million trees. Bio-Gene is now in the process of preparing the seeds for propagation and plant-out. It takes approximately 12 months from planting the trees to produce Qcide oil, as the oil is extracted from the harvested leaf material of the plantations.

To expand the territorial boundaries for the licensing of Qcide, Madison Keats, a US based investment bank, is contracted by Bioprospect to identify and facilitate potential development partners in the US. Currently, Madison Keats is in negotiations with five interested parties who are attracted to commercialising Qcide and AP778 for the US market.

BioProspect has Sumitomo Australia evaluating Qcide on specific insect market sectors.

AP778

In addition to BioProspect's evaluation agreement with Sumitomo Japan, BioProspect has signed two new additional evaluation agreements. These agreements are with an Australian building company and a multinational chemical company based in Europe (see ASX release 6th December 2004).

The markets that BioProspect and its collaborators are evaluating are the repellence and treatment markets for termite management, including barrier treatments for housing, timber treatment, as well as other general building materials. The company expects outcomes from its collaborators by the end of March 2005.

BioProspect will be inspecting the AP778 field trial site in February 2005 to monitor its interim progress. The site is located in Naranderra New South Wales, and the trials were initiated in August 2004. Information on the trials, R&D and developments for AP778 can be found on BioProspect's website www.bioprospect.com.

Hepatitis C Virus (HCV)

The research partnership between BioProspect and Apath LLC moved a compound into step three of the four step R&D project with the objective to identify lead compound candidates that have activity against HCV for drug development. BioProspect is providing the fractionation and structural elucidation chemistry whilst Apath is conducting the bioassays on HCV for the project.

Under the partnership agreement, Apath is working on six other compounds to understand their mode of action and suitability for drug development against HCV.

Appendix 4C follows this commentary.

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Further Information

Mr Selwyn Snell
Chief Executive Officer
BioProspect Limited
Tel +61 7 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	31 DECEMBER 2004

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $A'000	Year to date (.6...months) $A'000
1.1	Receipts from customers		59	59
1.2	Payments for	(a) staff costs	(97)	(183)
		(b) advertising and marketing	(1)	(16)
		(c) research and development	(14)	(104)
		(d) leased assets	(23)	(28)
		(e) other working capital	(181)	(350)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		8	21
1.5	Interest and other costs of finance paid		(2)	(2)
1.6	Income tax rebate received		-	-
1.7	Other – Grants received		-	13
	Other - GST		7	(2)
	Net operating cash flows		**(243)**	**(594)**

		Current quarter $A'000	Year to date (.6.months) $A'000
1.8	Net operating cash flows (carried forward)	**(243)**	**(594)**
	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	28	28
	(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	**28**	**28**
1.14	**Total operating and investing cash flows**	**(215)**	**(566)**
	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	(215)	(566)
1.21	Cash at beginning of quarter/year to date	770	1,121
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	**555**	**555**

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	78
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	35	16
4.2 Deposits at call	520	754
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	555	770

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:......28.01.2005......................
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.