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THE MANAGER

COMPANY ANNOUNCEMENTS

AUSTRALIAN STOCK EXCHANGE

LEVEL 4, 20 BRIDGE STREET

SYDNEY NSW 2000

COMPANY ANNOUNCEMENT

FIELD TRIALS ON BIOPROSPECT'S NATURAL TERMITE PRODUCT AP778

LATEST RESULTS SHOW 100% OF TRIALED IMPREGNATED TIMBER UNTOUCHED BY TERMITES

BioProspect Limited (ASX:BPO) today advised that is now in receipt of the first full season results for its field trials of its natural termite product AP778 at the Narrandera field testing site located in NSW.

The results have demonstrated that 100% of the AP778 impregnated timber stakes have remained untouched from heavy termite pressure and have repelled termite attack.

The trials were conducted and assessed by the renowned entomologist Professor Robert Spooner-Hart of the University of Western Sydney (UWS) in the presence of BioProspect's Research & Development team headed by Mr. Matt Kealley.

Professor Spooner-Hart said that the results of the field trial of the natural product AP778 have now validated the successful laboratory testing and he was impressed on how it had performed in comparison to the currently used products in the marketplace.

Professor Spooner-Hart also said that AP778 demonstrated to date, characteristics of a wood preservative product and potential competitor to current products on the market. Further research would be carried out to establish this potential new market opportunity.

The in-ground termite trials consisted of 134 pine stakes that were 30 cm in length and buried to a depth of 20 cm. All stakes were numbered and represented the various impregnation concentrations of AP778, untreated controls, solvent-only treated stakes (solvent used to transfer chemicals into timber) and current timber preservative treated stakes in the form of copper chrome arsenate (CCA) providing the standard benchmark comparison.

The stakes have been in position for close on 12 months, in conditions favourable for termite activity. Despite drought conditions in Narrandera, termite activity was observed at an extremely high level.

The scientific report highlighted that 16% of the untreated controls in the in-ground trial had been severely attacked to the point where the stakes had been severed at ground level. Termites had attacked a total of 36% of the untreated controls and had also effected the solvent treated stakes while all of the treated AP778 and CCA stakes remained untouched.

The inspection of the hutch trial, which tests timbers not in direct contact with the soil and simulates framing for housing, was also under heavy termite infestation.

While this particular trial requires further time to demonstrate longevity of protection of the trial products, upon inspection, it was evident that termites had attacked the untreated control pine timber within the hutch.

BioProspect is now in a position where it is confident that it can take AP778 through to commercialisation.

The trial results will contribute significantly to the data pack required for commercial registration of AP778 and the company has decided that it will continue with the trials for a further year designed to allow the product to demonstrate its longevity and potency by comparison to the current products on the market.

The results from the field strongly replicate the 216 successful laboratory trials that have been previously conducted. To date, AP778 has not been attacked or penetrated by termites in any of the trials that have been conducted.

The global termite control and treatment market is currently estimated in excess of US\$3 billion annually. The company proposes to further invest in AP778 by commencing the registration requirements in Australia by appointing contractors to complete the mode of action, environmental fate studies, and production of the active molecule and formulation of the end use products. Timeframes and milestones are now being worked on with a view to achieve these outcomes.

In addition, the trials have highlighted the performance of the product as a timber preservative and the company plans also to further test the product with the ultimate aim of targeting this major global market.

Photos and information will be posted on the company website www.bioprospect.com

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Further information
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BACKGROUND

Termites are a major problem around the world as they feed on wood and are responsible for the destruction of buildings, typically houses. It is estimated that termites are responsible for over \$780 million damage per year to Australian households.

Control techniques for termites are generally divided into two types – prevention and treatment.

Tests to date show opportunities for AP778 to be used against termites in the following manner:

- Repellant barrier – applied to the outer surface of, or in the soil surrounding the structure to be protected.
- Wood treatment – sprayed only or impregnated into building material to prevent termite attack
- Direct contact – for house incursions, treatment of termite colonies.

The national agricultural chemical regulator, the Australian Pesticides & Veterinary Medicines Authority (APVMA) is moving to phase out uses of copper chrome arsenate (CCA) timber treatments that it cannot be confident are safe.