



**The Manager
Company Announcements
Australian Stock Exchange
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Sydney, NSW 2000**

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AP 778 Field Trial Results

BioProspect Limited (ASX: BPO) today advises that the field trial results for its natural termite product AP 778 have shown encouraging results for the protection of timber from termites after a two year assessment period.

As announced on 7 September 2006, the Narrandera field test site was uncovered following a 2-year assessment trial. The NSW State Forests' site exposed timber treated with AP 778 to heavy termite pressure (*Coptotermes acinaciformis*) and was designed to evaluate and assess the following parameters:

- The minimum concentration of AP 778 required to show significant efficacy or repellancy on termites using basic laboratory generated formulations in treated radiata pine timber stakes.
- To provide a basis for commercial formulation work that delivers AP 778 into commercially available timber product using economical and environmentally friendly formulation additives.
- Determine any requirement for a co-formulant fungicide to protect commercial timber in Hazard Class 4 situations (ground contact) and to assess any fungicidal activity of AP 778.
- Assessment of any AP 778 leaching potential from timber exposed to the ground.

The results after 2 years of assessment are summarised as follows:

1. There was a strong trend for decreased timber damage with increasing AP 778 concentrations. Statistical analysis was conclusive and encouraging.
2. The highest concentration of AP 778 was at 1.14% and it performed significantly better than the solvent and control treatments up to and including 24 months in the field.
3. The basic laboratory formulation has held-up very well under tough conditions showing good penetration of AP 778 throughout the timber samples.

4. Many of the timber stakes encountered a fungal (wood rot) attack confirming that AP 778 does not have significant anti-fungal activity.

Conclusions and Recommendations

1. Proceed with commercial formulation work and aim for an AP 778 oil concentration > 1.5% plus a commercially available fungicide for Hazard 4 market status.
2. Use co-formulants with minimal environmental and mammalian toxicity characteristics that bind the compound to commercially available timber products.
3. Conduct formulation bioassays followed by field trials that compare AP 778 with commercially available insecticide formulations and products.
4. Test soil and timber samples removed from site for AP 778 to determine leaching level.
5. Based on bioassay, fine-tune the formulations for assessment.

Actions to be taken following analysis of results

- The company is currently in development agreement discussions with Australian formulation companies with the objective of them preparing specific formulations that will be able to carry AP 778 into commercial timber products. These formulations will then be subjected to bioassay testing.
- Completion of development agreements for ecological, toxicological, efficacy, manufacturing and formulation work.

Commencement of a data generation and commercialisation project designed to facilitate registration of **Eremophilone Oil** (AP 778) as a biologically derived Active Constituent (AC) and three End Use Products (EUP's) in Australia. The data will be generated and prepared in accordance with USA EPA and OECD protocols to enable submission to the USA and Japanese regulatory authorities at a later stage.

The major areas of data generation will be:

- **Ecological Toxicity**
- **Mammalian toxicity**
- **Formulation design and product chemistry**
- **Eremophilone Oil manufacturing studies**
- **Bioassay and field testing**

Background

It is estimated that over US\$3 billion is spent annually to control or deter termites internationally. Each year termites cause more than AUD\$780 million worth of damage in Australia alone and based on the recent restrictions placed on the industry standard

(CCA), the industry is in need of new chemistry that has minimal ecological and mammalian toxicity levels. Australia ranks third behind the USA and Japan in terms of termite damage.

For any further information, please contact the company's General Manager Warwick Dowse

A handwritten signature in black ink, reading "Colin Johnston", enclosed within a thin black rectangular border.

Colin Johnston
Company Secretary