Suite 7A, Level 3
320 Adelaide Street
Brisbane QLD 4000
Ph 07 3229 5755
Fax 07 3229 4655

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Level 4, 20 Bridge Street
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BioProspect concludes Re-Gen acquisition

BioProspect Limited (ASX:BPO) today announced it had concluded the acquisition of Re-Gen Wellness Products Pty Ltd, facilitating the company's expansion into natural healthcare and skin care products with an initial focus on the fast-growing Chinese market.

Under the Share Sale Agreement signed with Re-Gen, a nominal upfront payment will be made to owner Mr Howard Fox, with additional payments contingent on sales performance and contribution to cash flow over a six-year period. Re-Gen is a specialist provider of skin care and human health products based on natural Australian ingredients, including emu oil.

BioProspect CEO Peter May said the agreement was structured to ensure maximum benefit for shareholders, and followed three months of due diligence, including market research and development activities in China. Re-Gen is to continue operations as a wholly owned subsidiary, with all intellectual property in Australia and overseas acquired by BioProspect.

"Re-Gen has already secured a number of product approvals from the Chinese Ministry of Health, and we are targeting sales for Christmas and the Chinese New Year period," Mr May said.

"BioProspect has established relationships with Re-Gen's network of key collaborators and contractors in Australia and China, and also secured ownership of key intellectual property, including formulation and manufacturing data. Logistics, packaging and promotional support is in place, and I am looking forward to progressing discussions with distributors, as well as expanding the range of products approved for use in the expanding Chinese market."

Cosmetics represents China's fifth-largest consumer market after real estate, automotives, telecommunications, education and tourism, and is forecast to reach annual sales of A$20 billion by 2010, including skin care products.

The Chinese healthcare market was valued at A$6.5 billion in 2005 for traditional medicines alone, and is expected to exceed A$11 billion by 2015, according to independent research.

"The growth of the Chinese skin and healthcare market is significant, and due to consumer acceptance of natural products we anticipate strong demand for Re-Gen's natural-based remedies based on the therapeutic value of emu oil," Mr May said.

"Re-Gen has already established distribution channels along with product approvals, giving BioProspect a head start in securing near-term cash flow from the business."

Re-Gen's Mr Fox has entered into a services agreement with BioProspect, and will provide market development support for Re-Gen products.

"This is an exciting time in the growth of Re-Gen and also for the broader Australian natural products industry," Mr Fox said.

"BioProspect has the overseas product registration and market development expertise, excellent corporate structures and access to resources to realise the tremendous potential of Re-Gen products. I look forward to being part of the BioProspect team to achieve our sales targets in not only the Chinese, but other regional and local markets."

BioProspect's acquisition of Re-Gen marks a new growth period for the company, which is rapidly commercialising its range of natural, low toxicity products across the human and animal health markets, including natural termite solution *TERMILONE®* and the *Bioeffectives®* range of animal health and nutrition products.

"Re-Gen is a perfect fit within our natural product portfolio based on proven Australian technologies," Mr May said.

"The Re-Gen product range provides BioProspect with the benefit of diversification across a range of markets, while also enhancing cash flow and growth opportunities in both domestic and overseas markets, where our presence will allow for the more rapid market development of our entire portfolio.

"The outlook for BioProspect and Re-Gen is excellent, and we look forward to progressing the opportunities identified to enhance shareholder value."

Colin Johnston

COLIN JOHNSTON
Company Secretary