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26 October 2010

Dear Shareholders and Optionholders

Rights issue

This letter is to notify you that on 26 October 2010, BioProspect Limited (**BPO**) lodged a Prospectus with the Australian Securities and Investments Commission, and Australian Securities Exchange (**ASX**), for a pro rata non-renounceable rights issue of ordinary shares and options in BPO. This issue is expected to raise approximately $1,911,341 gross or $1,658,000 net after costs of the issue.

Shareholders are being offered one new ordinary share in BPO for every two existing shares held at an issue price of 0.5 cents per share. With every one new ordinary share taken up, shareholders will be issued with a bonus New Option, which will be exercisable at 3 cents by 31 December 2013.

Shareholders are also being offered one new Loyalty Option in BPO for every two existing shares held at an issue price of 0.1 cents per share. This Loyalty Option will be exercisable at 3 cents by 31 December 2013.

The Offer has been fully underwritten by Novus Capital Limited.

The Prospectus will be despatched to shareholders on 9 November 2010. A copy of the Prospectus is available for review on the ASX website as well as on BPO's website (www.bioprospect.com).

The Prospectus is important and will require your immediate attention.

Use of funds

The purpose of the rights issue is to raise funds to provide sufficient working capital to enable BPO to carry out these key strategic objectives:

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AGRIPRO™ - product development and commercialisation		565,000
Re Gen Wellness Products - development, advertising and marketing		415,000
Other working capital requirements consisting of:		
(a)	salaries, wages, directors fees;	280,000
(b)	legal, auditing and consulting fees;	161,000
(c)	share registry, ASX listing fees; and	37,000
(d)	potential acquisitions in the animal health and nutrition segment	$200,000
TOTAL		**$1,658,000**

More detailed information on the use of funds is contained in the Prospectus.

Summary of key dates

Date of Prospectus	26 October 2010
Securities are quoted on an ex-basis	28 October 2010
Record date to calculate entitlement to new securities	7.00pm AEDT, 4 November 2010
Prospectus entitlement and acceptance form despatched to shareholders	10 November 2010
Closing date and time for receipt of entitlement and acceptance forms under the Offer and payment in full for new shares	5.00pm AEDT, 24 November 2010
Holding statement despatch date	2 December 2010

This offer closes at 5.00pm AEDT on 24 November 2010.

Non-renounceable pro rata issue

The new shares and options issued under the Prospectus will rank equally with the ordinary shares and options currently on issue.

You may take up your entitlement in full or in part. If you take up your full entitlement you may also apply for additional shares and options at the same price under the shortfall facility. It is possible that there will be few or no additional shares available for issue. Your entitlement will be calculated as at 7.00pm AEDT on 4 November 2010. Applications can be made only on the personalised entitlement and acceptance form which shareholders will receive with the Prospectus.

Fractional entitlements to shares are rounded up to the nearest whole number of shares. Your entitlement is shown in the personalised entitlement and acceptance form accompanying the Prospectus.

Optionholders

Option holders may only participate in the rights issue if their options are exercised before the record date, being **7.00pm AEDT on 4 November 2010**.

Overseas holders

The offer of shares under the Prospectus is limited to shareholders with registered addresses in Australia or New Zealand. With the exception of New Zealand shareholders, overseas shareholders will not be offered new shares.

To date, shareholders have shown great loyalty to BPO and I believe you will see the merit in supporting this major fundraising initiative.

Your Board of Directors commends this offer of new shares for your consideration.

Yours faithfully

Colin Johnston

Colin Johnston
Company Secretary/CFO