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Via E-mail: cameron.bill@asx.com.au

RE: BIOPROSPECT (ASX: BPO) ANNOUNCEMENT 3 MARCH 2011

"BIOPROSPECT LIMITED (ASX: BPO) MAKES INVESTMENT IN A SUITE OF WORLD CLASS OIL AND GAS ASSETS"

Dear Cameron,

In reference to the above announcement and to your subsequent verbal queries in relation to that announcement, the Company provides the following response and clarification to the queries raised.

Shengli Oilfield:

Frontier's interest in the Shengli Oilfield

Frontier has advised BPO that it has a 34.3% participating interest in the Shengli Oilfield Joint Venture through its subsidiary Frontier Gas (Singapore) Pte Ltd. The precise nature of Frontier's interest will be investigated by BPO as part of the due diligence process contemplated by the Heads of Agreement between Frontier and BPO (**HOA**).

Source of information concerning the production capacity and comparable size of the Shengli Oilfield

The information relating to the production capacity and comparable size of the Shengli Oilfield was sourced from the Chinese Government official website, China.org.cn

BPO provided the information on the Shengli Oilfield to the market as a reference point to the location, size and scope of the field only and did not infer or, intend to infer, that such reserves were those of Frontier or that Frontier, either directly or through its subsidiary, had conducted an independent field audit on, or evaluation of, the size and/or potential of the field either for oil or gas. BPO published the oil reserve figure for the Shengli Oilfield to provide context as to the potential scale of the gas gathering opportunity.

Finally, Frontier has advised BPO that it has no rights as to oil extraction or exploitation on, or from, the field except that which may be recovered by way of a by-product to any gas capture or production.

As stated above, the precise nature and extent of the exploitation rights that Frontier has, through its subsidiary, in respect of the Shengli Oilfields Joint Venture, will be the subject of confirmation by BPO as part of the due diligence process contemplated by the HOA.

SC55:

*BHP Billiton (**BHPB**)*

In the highlights of the announcement, BPO stated that: *"BHP recently secured an option to farm into the majority of SC55 by sole funding, two ultra-deep water exploration wells at an estimated cost of $US160 million"*.

It is BPO's understanding (from the Otto Energy Ltd announcement to the ASX of 12 March 2009) that BHPB was granted a right by Otto Energy Ltd [the operator of SC55] to exercise an option to farm-in to SC55 by undertaking a specific and substantial seismic acquisition and processing program on SC55 and the drilling of two deepwater exploration wells, all at BHPB's cost.

Upon exercise of its right to farm-in, BHPB can acquire up to 60% of Otto Energy Ltd's interest in the SC55 joint venture.

In reference to the estimated cost of a two well deep-water drilling program, BPO stands by the cost estimation as given. Otto Energy Ltd, as the SC55 operator estimated the cost of the program at US$120 million approx 2 years ago. Given the increased costs associated with deep-water drilling and the increased costs expended on the concession since that time, the estimated cost of US$160M as given is, in the opinion of BPO, a reasonable and appropriate figure.

The status of the 3D seismic programme will be confirmed as part of the due diligence process under the HOA.

Frontier has advised BPO that the 'Marantao Reef' complex was identified through the 3D seismic programme that took place over the SC55 areas. BPO intends to research and identify the specific areas over which the seismic programme was conducted during the coming weeks as part of the due diligence process under the HOA.

Frontier's interest in SC55

Pursuant to an agreement dated 3 June 2010 between Frontier and Trans-Asia Oil and Energy Development Corporation (**Trans-Asia**), Frontier has an option to acquire a 5% interest in the SC55 joint venture from the interest in SC55 that Trans-Asia has the right to acquire from the current SC55 operator pursuant to the terms of a Participation Agreement dated 15 March 2005. This is the 'right to back in to' referred to on page 2 of the announcement.

The precise nature and extent of Frontier's interests, in, to and in relation to SC55 will be the subject of confirmation by BPO as part of the due diligence process contemplated by the HOA.

SC69

Frontier's interest in SC69

By way of a Farm-in Option Agreement dated 3 June 2010 between Frontier and Trans-Asia, Frontier acquired a right to acquire a 15% participating interest in the SC69 joint venture out of Trans-Asia's existing 30% participating interest in SC69.

On 3 February 2011, Frontier gave notice to Trans-Asia of the exercise of its right under the Farm-in Option Agreement.

The contemplated assignment of Trans-Asia's interest to Frontier is subject to the consent of Trans-Asia's joint venture partner in SC69 and the approval of the Philippines Department of Energy. Both consents are pending.

The precise nature and extent of Frontier's interests, in, to and in relation to SC69 will be the subject of confirmation by BPO as part of the due diligence process contemplated by the HOA.

SC52

Frontier's interest in S52

Frontier has advised BPO that it has between a 20-25% interest in the S52 joint venture. The precise nature and extent of Frontier's interests, in, to and in relation to SC52 will be the subject of investigation by BPO as part of the due diligence process contemplated by the HOA.

Due Diligence

BPO has engaged Western Australia law firm, Lavan Legal to advise in relation to the due diligence process.

Please contact me if you need any further information

Yours sincerely,

COLIN JOHNSTON
Company Secretary