ABN 58 008 130 336
Suite 25
145 Stirling Hwy
Nedlands WA 6009
Ph 08 9389 3170
Fax 08 9389 3199

22 February 2012

The Manager
ASX Market Announcements
Australian Stock Exchange
Level 4, 20 Bridge Street
Sydney, NSW 2000

CAPITAL RAISING

BioProspect Limited (ASX: BPO) is pleased to announce it has entered into a mandate with Novus Capital Limited to manage three capital raising initiatives as follows:

Convertible Notes

Further to the Company's announcement on 31 January 2012, the Company has negotiated the issue of further convertible notes. The Company intends to issue convertible notes amounting to $750,000 to primarily fund further investment into Frontier Gasfields Pty Ltd (Frontier). A request has been received from Frontier for the Company to participate in a general capital raising which will permit the Company to invest a further $750,000 to maintain its current 50% shareholding in Frontier.

The key terms of the convertible notes are as follows:

- Conversion price of 0.5 cent per share. For each share issued on conversion, the Note holder will be issued with 1 free option on the same terms as the existing quoted options expiring 31 December 2013 at an exercise price of 3 cents (ASX:BPOO).
- The Notes will accrue interest at a rate of 8% per annum.
- Redemption date is 2 years from date of issue.
- Subject to the following dot point, conversion of the notes is subject to shareholder approval.
- Early redemption where the Note holder is a sub-underwriter of the proposed Rights Issue (see below) and is required to apply for shortfall shares under the underwriting arrangements. The moneys payable on early redemption of the Notes is to be set-off against the Note holder's sub-underwriting commitment.
- Notes are unsecured.

The Board considers the issue of the Notes are upon reasonable arm's length terms. It is proposed that a related party of the Company will participate in the issue.

Placement

The Company intends to progress a private placement with unrelated professional and sophisticated investors to raise up to $500,000. The placement will be done at 0.5c and each subscriber will also receive 1 free attaching option for every share subscribed for. The options will be issued on the same terms as the existing quoted options expiring 31 December 2013 at an exercise price of 3 cents (ASX: BPOO).

The funds will be applied to the Company's primary activities in the biotechnology space, its investment in Frontier, and for general working capital.

Rights Issue

Directors also announce that the Company intends to offer a Non-Renounceable Rights Issue to all shareholders in due course with the following terms:

- An issue of one ordinary share for every 4 shares held;
- Subscription price will be 0.5 cents per ordinary share;
- A free attaching listed option (BPOO- expiring 31 December 2013 at an exercise price of 3 cents per share) for every share purchased;
- The issue will be partly underwritten by Novus Capital Limited; and
- If fully subscribed the issue will raise approximately $2.0m (gross).

The capital raisings will be managed by Novus Capital Limited and are being done on a best endeavours basis.

Commenting on these initiatives, the Company's Chairman Winton Willesee said: "We have been pleased with the support we have received for these initiatives. We believe that the Company's current suite of assets coupled with the team we now have available to source and secure additional assets makes the Company an attractive investment for the right type of investor."

Yours sincerely,

COLIN JOHNSTON
Company Secretary