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

## **Convertible Notes Issue**

BioProspect Limited (ASX: BPO) today announced that the Company has finalised the issue of three convertible notes amounting to \$150,000 to fund current working capital requirements.

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.
- Conversion of the notes is subject to shareholder approval.
- Redemption date 2 years from date of issue.
- 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 and advises that a related party of the Company has participated in the issue.

In reference to the Company's announcement on 22 February 2012 in regards to several capital raising initiatives, the Directors advise that an intended placement with unrelated professional and sophisticated investors has been delayed until further notice. Directors also advise that the terms of a forthcoming rights issue that was also announced on 22 February are currently being reviewed and will be announced to the market in due course.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Colin Johnston". The signature is written in a cursive style with a large initial 'C'.

COLIN JOHNSTON  
Company Secretary