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**The Manager
Company Announcements
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***TERMILONE*[®] Natural Termite Solution – Trials Update**

Highlights

- University of Western Sydney (UWS) bioassay trials further define minimum effective concentration of *TERMILONE*[®] formulations as soil barrier against termites
- Ensyslex trials continuing on *TERMILONE*[®] 80EC as soil-applied barrier; initial assessment anticipated in September 2010
- Manufacturing study ongoing with Southern Cross University's Centre for Phytochemistry & Pharmacology, NSW.

Australian natural products provider BioProspect Limited (ASX:BPO) today announced the latest trial results for natural termite solution *TERMILONE*[®], which is being developed as a safe and environmentally friendly termite treatment.

BioProspect's Chief Operating Officer, Peter May, said UWS bioassay tests had further defined the minimum effective concentration (MEC) required in soil to control various termite species, as well as the residual activity of *TERMILONE*[®] treatments at different rates of application to soil.

TERMILONE[®] is based on Eremophilone Oil extracted from the native Australian tree species *Eremophila mitchellii* (False Sandalwood). *TERMILONE*[®] has low mammalian toxicity, making it safe for pest control workers, household pets and the environment.

A previously reported test investigated the efficacy of different concentrations of *TERMILONE*[®] as a soil barrier against *Nasutitermes exitiosus* and *Coptotermes acinaciformis* termite species using two techniques, a vertical tube containing treated soil based on a technique developed in the United States, and a horizontal tube system, similar to a technique used by the CSIRO. The latter is the standard test used to support product registrations in Australia.

TERMILONE[®] tested at 2,000ppm (parts per million) prevented *Nasutitermes exitiosus* termites from breaching the treated zone in the horizontal tube system over the 39-day test, thereby indicating that the MEC for this species is <2,000ppm.

However, rates of up to 10,000ppm were required to prevent penetration by *Coptotermes acinaciformis*, the more aggressive and economically important pest species. In the 5,000ppm treatment, 20% of replicates were breached. The bioassay was terminated at 24 days after treatment (DAT), due largely to termites losing their activity due to lack of food in their original release chamber.

This trial indicated that the MEC for *TERMILONE*[®] for *Coptotermes acinaciformis* is between 5,000 and 10,000ppm of Eremophilone Oil in soil.

A more targeted test was undertaken to obtain a more accurate measure of the MEC. This involved bioassay testing *TERMILONE*[®] 80EC vs *C. acinaciformis* using soil concentrations of 6,500, 7,000, 7,500, 10,000 and 15,000ppm.

There were no breaches at these rates indicating an MEC at <6,500ppm and therefore, from previous testing, an MEC in the range 5,000 to 6,500ppm would be expected. All termites in the *TERMILONE*[®] treatments were dead by 24 DAT at the termination of the bioassay.

UWS has also recently completed a barrier concentration trial with treated soil aged over a 167-day period. This was aimed at testing the residual activity of Eremophilone Oil in *TERMILONE*[®] 80EC under laboratory conditions.

Rates of 5,000 and 10,000ppm were tested in a horizontal tube bioassay vs. *C. acinaciformis*. Untreated control tubes were 100% breached by 2 DAT, while 5,000 and 10,000ppm treatments were 100% breached within 7 DAT. This indicated that an initial application rate of >10,000ppm would be required to maintain residual effectiveness over an extended period of up to 5.5 months.

Meanwhile, BioProspect's commercial partner Ensystem Corporation is continuing field testing in Townsville, north Queensland, of *TERMILONE*[®] 80EC as a soil-applied barrier as part of a two-year testing program. Application rates being tested range from 500 to 10,000ppm, with treatment plots exposed or covered (by concrete slab) to simulate building construction types. An initial assessment will be undertaken six months after treatment.

Laboratory bioassay techniques are "non-choice" and therefore more challenging to the treatment since the termites must penetrate the treated zone to reach the food source. In contrast, field tests are "choice" tests in that termites can avoid the treated zone, and therefore field tests generally reflect better levels of control than might be achieved in a bioassay test.

Mr May said: "These laboratory results indicate that relatively high minimum rates will be required to achieve control of *Coptotermes acinaciformis* when used as a residual barrier treatment. However, the field trial assessment anticipated in September 2010 will provide more conclusive evidence on the activity required for a commercially viable product."

In addition to the current efficacy testing, the manufacturing study being undertaken in collaboration with Southern Cross University's Centre for Phytochemistry & Pharmacology

in Lismore, NSW is continuing with the next step, focused on commercial scale processing to determine the efficiency and cost of extraction.

Mr May said: “BioProspect’s aim is to fully evaluate the cost of production as well as field performance, in order to enable a full cost and competitor analysis of *TERMILONE*[®] when used as a soil-applied termiticide as well as a timber treatment.

“BioProspect continues to develop and commercialise our extensive range of natural products, which in addition to *TERMILONE*[®] include *AGRIPRO*[™] animal health products such as *GI-Guard*[™] products for gastro-intestinal care, the *RE-GEN*[™] natural therapeutic product range for human health and wellbeing, and natural insecticide Qcide.

“The Company thanks our shareholders for their loyal support in our recent Share Purchase Plan. We are focused on commercialisation and are actively pursuing opportunities to enhance shareholder value.”

Yours sincerely,

A handwritten signature in black ink that reads "Colin Johnston". The signature is written in a cursive, flowing style.

COLIN JOHNSTON
Company Secretary