



ABN 58 008 130 336
Suite 6, Level 3
320 Adelaide Street
Brisbane QLD 4000
Ph 07 3229 5755
Fax 07 3229 4655

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**The Manager
Company Announcements
Australian Stock Exchange
Level 4, 20 Bridge Street
Sydney, NSW 2000**

BioProspect and Solagran Agree to Commercialise Bioeffectives in Animal Health

BioProspect Limited (ASX:BPO) are pleased to announce that the company has given formal notice to Solagran Limited (ASX:SLA) of BioProspect's wish to proceed to commercialisation of Bioeffectives in animal health.

Under the Development Agreement between BioProspect Limited, Solagran Limited and Nova Vita Pty Ltd dated 22 August 2007 (**Agreement**) an Evaluation Period of 30 months was allowed during which BioProspect has undertaken market and product evaluation of selected Bioeffectives on a global basis. This period ended on 22 February 2010 at which time BioProspect formally gave notice to Solagran.

BioProspect entered a trading halt on Tuesday 23 February 2010 to provide time for BioProspect and Solagran to confirm arrangements going forward. These arrangements were agreed on Wednesday 24 February paving the way for full commercialisation of Bioeffectives to proceed.

Solagran and BioProspect will now agree a commercialisation plan including the possibility of formation of a special purpose company or other entity under a separate agreement to commercialise Bioeffectives in animal health and nutrition markets.

Over the past 30 months BioProspect has actively evaluated the Bioeffectives covered by the Agreement. This has involved product safety and efficacy testing in both companion and food production animals. Of note are the recent horse trials to test the efficacy and safety of conifer green needle complex (CGNC, Bioeffective A) as both an oral paste and topical gel formulation.

BioProspect has undertaken market research to identify key target markets where Bioeffectives would have potential, both in Australia and overseas. Regulatory requirements for these markets have been identified and gap analysis undertaken to determine any additional requirements for specific products and uses. BioProspect has also presented the products to a number of potential commercial partners with the view to entering market development and distribution arrangements. BioProspect remains committed to further development and commercialisation of Bioeffectives in the animal health market and looks forward to developing this exciting business in close collaboration with Solagran.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Colin Johnston", written in a cursive style.

**COLIN JOHNSTON
Company Secretary**