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RAISES \$1,000,000 VIA AN ISSUE OF CONVERTIBLE NOTES

28 January 2014

BioProspect Limited (ASX: BPO or the Company) is pleased to announce that it has raised \$1,000,000 via an issue of Convertible Notes (**Note**) to a consortium of existing shareholders.

The key terms of the Note funding facility are as follows:

- The facility is to be drawn down in 3 tranches.
 - Tranche 1 - \$400,000 is available immediately upon completion of Due Diligence and the decision to proceed with Stage 1 of the Invatec transaction.
 - Tranche 2 - \$300,000 is available upon commencement of an Independent Validation study of the Invatec Technology.
 - Tranche 3 - \$300,000 is available as needed following the second draw down but must be drawn by 30 June 2015.
- each Convertible Note issued would have a face value of \$25,000
- conversion price of the lesser of 0.3 cents per ordinary share, or the 5 day volume weighted average price of the Company's ordinary shares on the ASX immediately prior to the issue of a conversion notice by the Noteholder to the Company;
- the Notes issued upon each drawdown can be converted at any time up to the Maturity Date of 31 December 2016. If the Convertible Note is not converted within 18 months (by 31 December 2016) of the final Draw Down, the notes are repayable at the election of the Facility providers.
- the Notes will accrue interest at a rate of 8% per annum; and
- the Notes are unsecured.

The capital raised under the Convertible Notes Issue will be used to fund the evaluation of the Invatec Transaction and provide for the current working capital requirements of the Company.

The Board sees the above as an attractive option as the funds raised under the note, coupled with existing reserves, are sufficient to fully fund the company's proposed calendar 2014 budget expenditure. Additionally BPO retains its holding of 320 million shares in Frontier Oil Corporation, which is anticipated to complete its IPO in this quarter. Based on an IPO sale price of 1 PHP and today's quoted PHP sell rate, BPO's holding in Frontier Oil Corporation has a value of approximately \$8 million. BPO's holding is subject to a 365 day escrow from the date of listing.

The Convertible Notes were issued to sophisticated and institutional investors under sections 708(8), 708(10) and 708(11) of the Corporations Act 2001 (Cth) (the Act), without disclosure to investors under Part 6D.2 of the Act. The Notes will be subject to shareholder and all relevant regulatory approvals and until all approvals are obtained the funds advanced under the Note Issue will remain as an unsecured loan.

Full details of the Notes will be in a Notice of Meeting at which the Company will seek shareholder approval to approve the conversion of the Notes.

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