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23 January 2012

Fiona Murphy
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By Email: fiona.murphy@asx.com.au

Dear Fiona

BioProspect Ltd ('Company')

I refer to your letter to the Company dated 19 January 2012.

Capitalised terms in this letter have the same meaning as that defined in your letter, unless stated otherwise.

You have requested various information in relation to the Company's Announcement in paragraphs 1 to 5 of your letter.

I address each of these points in the same order below.

1 Paragraph 1

- 1.1 The Company, on completion of the verification process it conducted with Frontier Gasfields in respect of the Farm-out (see paragraph 3 of this letter), considers the Farm-out to be material to the Company.
- 1.2 The Company does not consider the Trans-Asia Oil Farm-in Option to be material to the Company.

2 Paragraph 2

- 2.1 The Company first became aware of the Farm-out on 9 December 2011 through a shareholders' update provided by Frontier Gasfields to its shareholders (**Frontier Update**).
- 2.2 The Company first became aware of the Trans-Asia Oil Farm-in Option on 12 January 2012, through the announcement made by Trans-Asia on the Philippines Stock Exchange on 12 January 2012.

3 Paragraph 3

- 3.1 The Company did not make an announcement in relation to the Farm-out at an earlier time than 18 January 2012 due to the following reasons:
- 3.1.1 The Company is not a party to and had not been provided with any of the Frontier Gasfields documentation in respect of the Farm-out at the time Frontier Gasfields gave notice of the Farm-out on 9 December 2011 in the Frontier Update.
- 3.1.2 The Company formed the view that, given it had not been a party to any of the negotiations relating to the Farm-out and was not made aware of the extent of Frontier Gasfields' interest as a result of the Farm-out, it required further information from Frontier Gasfields in order to determine whether or not the information contained in the Frontier Update in relation to the Farm-out was material to the Company.
- 3.1.3 In the period between 9 December 2011 and early January 2012, the Company:
- (a) considered the information provided in the Frontier Update;
 - (b) made further enquiries with Frontier Gasfields in relation to the matters disclosed in Frontier Update including confirmation of the interests of each of the parties in Nassiping-2; and
 - (c) sought further documentary evidence from Frontier Gasfields to support the information provided by Frontier Gasfields.
- 3.1.4 On 12 January 2012, whilst the Company was in the process of verifying information in relation to the Farm-out with Frontier Gasfields, Trans-Asia released an announcement to the Philippines Stock Exchange in respect of its potential interest in Frontier Oil Corporation's interest in Nassiping-2.
- 3.1.5 The Company amended its draft Announcement to take into account the information released by Trans-Asia.
- 3.1.6 The Company finalised its findings from its consultation with Frontier Gasfields and made the Announcement on 17 January 2012.

4 Paragraph 4

- 4.1 The Company does not consider the information relating to the Trans-Asia Oil Farm-in Option to be material as the information was only provided to

avoid any misunderstanding which may otherwise arise by the Company's statement that Frontier Oil Corporation has a 50% interest in Nassiping-2.

4.2 In particular:

4.2.1 The Option does not affect Frontier Gasfields Pty Ltd's interest in Nassiping-2.

4.2.2 The Option relates to Frontier Oil's interest in Nassiping-2.

4.2.3 The information was provided to avoid any misunderstanding in relation to the ownership of interests in Nassiping-2.

5 Paragraph 5

5.1 In light of the above, the Company is in compliance with its obligations under Listing Rule 3.1.

5.2 To this end, it is noted that the Company, in satisfying its obligation in Listing Rule 3.1, and in particular determining whether information provided to it from Frontier Gasfields is material, must follow a verification procedure with Frontier Gasfields (to the extent it is not involved in the negotiations and documentation relating to Frontier Gasfields' transactions).

Yours sincerely



Colin Johnston
Company Secretary



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19 January 2012

Colin Johnston
Company Secretary
BioProspect Limited
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By email: Col.Johnston@bioprospect.com

Dear Mr Johnston

BioProspect Limited (the "Company")

We refer to the Company's announcement, released to ASX at 09:05 EDST on 18 January 2012, and titled "*Frontier Gasfields progresses Philippines drilling prospects*" (the "Announcement"). The Announcement included, amongst other things, the following:

"Frontier Gasfields has agreed to farm-in interests and cost-sharing terms on SC52 in relation to the re-entry of Nassiping -2. The Nassiping -2 re-entry program is expected to cost US\$4.4 million. Frontier Gasfields will hold a 30% interest in Nassiping -2 and in the block and will be responsible for 25% of the costs associated with the re-entry program. E. F. Durkee & Associates (the initial concession holder) will hold a 20% interest, free carried through the costs of the re-entry program. Frontier Oil Corporation ("Frontier Oil"), a newly registered Philippines corporation, will hold the remaining 50% interest, but will be responsible for contributing 75% of the Nassiping -2 re-entry costs and shall assume responsibility as Operator of SC52. Frontier Gasfields had the rights to an 80% interest in the concession by contributing the full costs of the Nassiping -2 program. Frontier Gasfields has agreed, however, that subject to certain terms and conditions, to farm-out a 50% interest to Frontier Oil in return for reducing its cost-sharing commitments. The current interests of the partners have been approved by the Department of Energy in the Philippines,"

(the "Farm-out").

"On January 12, 2012 Trans-Asia Oil and Energy Development Corporation announced to the Philippines Stock Exchange that it had signed a Farm-In Option Agreement with Frontier Oil. As announced by Trans-Asia Oil and Energy Development Corporation, under that agreement, Frontier Oil has granted Trans-Asia the option to acquire from it a 10% participating interest in SC52, which may be exercised by the payment of an agreed amount within a specified period of time following completion of re-entry and testing of the Nassiping -2 well. Further updates will be provided to the market as farm-in and funding arrangements for the project are confirmed,"

(the "Trans-Asia Oil Farm-in Option").

ASX notes the following:

1. The Company has a 50% interest in Frontier Gasfields Pty Ltd (referred to in the Announcement as "Frontier Gasfields") with an option to acquire a further 25% interest.
2. The Farm-out to Frontier Oil Corporation must have occurred prior to or on 12 January 2012, when the Trans-Asia Oil Farm-in Option was announced to the Philippines Stock Exchange.
3. There was an increase in the volume of trading in the securities of the Company on 12 January 2012 and 18 January 2012 respectively.

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive officer (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity".

Further we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

Paragraph 18 of Guidance Note 8 states:

"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."

Please note that for disclosure not to be required under listing rule 3.1, all of the exceptions under listing rule 3.1A must apply:

- 3.1A.1 A reasonable person would not expect the information to be disclosed.
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.
- 3.1A.3 One or more of the following applies.
 - It would be a breach of a law to disclose the information.
 - The information concerns an incomplete proposal or negotiation.
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure.
 - The information is generated for the internal management purposes of the entity.
 - The information is a trade secret."

Finally, we would like to draw your attention to ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 34 to 40 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

"'Confidential' in this context has the sense of 'secret'..." and loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts reports".

Having regard to the Announcement, the above comments and definitions, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Does the Company consider the Farm-out and/or the Trans-Asia Oil Farm-in Option to be material to the Company?
2. When did the Company become aware of the Farm-out and the Trans-Asia Oil Farm-in Option respectively? Please include details of the relevant time and circumstances of the Company becoming aware of the Farm-out and the Trans-Asia Oil Farm-in Option. In responding to this particular query please also respond to our comments that it would appear to us that the Farm-out to Frontier Oil Corporation must have occurred prior to or on 12 January 2012 when the Trans-Asia Oil Farm-in Option was announced to the Philippines Stock Exchange.
3. If the answer to question 1 (or any part of it) is "yes" and the Company became aware of the Farm-out and/or the Trans-Asia Oil Farm-in Option (or any part of them) referred to in the Announcement, prior to the time the Company released the Announcement, please advise the following:
 - 3.1 Why the Company did not make an announcement at an earlier time or request a trading halt earlier, and in particular, on or prior to 12 January 2012.
 - 3.2 Why was the information relating to the Farm-out and/or the Trans-Asia Oil Farm-in Option not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1.
4. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the Farm-out and/or the Trans-Asia Oil Farm-in Option to be material.
5. Please confirm that the Company is in compliance with listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Please note the ASX reserves its right under listing rule 18.7A to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than (5:00pm WST) on Monday, 23 January 2012.

Your response should be sent to ASX by facsimile on facsimile number (08) 9221 2020 or by email to fiona.murphy@asx.com.au. It should not be sent to the Company Announcements Office.

If you have any queries regarding any of the above, please contact me on (08) 9224 0054.

Yours faithfully

[sent electronically without signature]

Fiona Murphy
Adviser, Listings (Perth)