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26 October 2011

Fiona Murphy  
Advisor, Listings  
ASX Compliance Pty Limited  
2 The Esplanade  
Perth WA 6000

By e-mail

Dear Fiona

**Response to ASX query dated 24 October 2011**

I refer to your request dated 24 October 2011 in relation to our announcement dated 20 October 2011 and I offer the following responses:

**1. Does the Company consider the Delay to be material to the Company?**

No.

**2. When did the Company become aware of the Delay? Please include details of the relevant time and circumstances of the Company becoming aware of the Delay?**

The Company received a phone call from ASX around midday EDT on Thursday 20<sup>th</sup> October advising of a query in relation to the Company's announcement released on 27 July 2011. The query was specifically in relation to the estimated date of arrival on site of a suitable rig to undertake the re-entry of SC52 (Nassiping -2) which the announcement had indicated was estimated to be in late August 2011.

BioProspect then sought clarification from Frontier Gasfield management on the specific matter and received a response at approximately 1.30pm EDT. This response provided an update on the review of available rigs for the project and the sourcing of the most suitable rig available for the re-entry and provided the basis of information included in the Company's market update of 20 October.

3. **If the answer to any part of Q 1 is 'yes' and the Company became aware of the Delay ( or any part of it) referred to in the Announcement, prior to the time the Company released the Announcement, please advise the following:**

- **Why the Company did not make an announcement at an earlier time or request a trading halt earlier?**

Not applicable.

- **Why was the information relating to the Delay not released to the market at that earlier time? Please comment specifically on the application of listing rule 3.1?**

Not applicable.

4. **If the answer to question 1 is 'no', please advise the basis on which the Company does not consider the Delay to be material?**

The later arrival of a rig on-site than originally estimated is not considered material by the Company. There are many factors that impact the timing of drilling of this nature, one of the key factors being the monsoon season in the Philippines area. Although a rig was initially estimated to arrive in late August, it was always unlikely to commence drilling until the end of the monsoon season. Hence the Company did not view the development as material and warranting a release under Listing Rule 3.1.

Despite the fact that that the Company considers the later arrival as immaterial, the Company released an announcement in order to address the query and provide a general project update.

5. **Please confirm that the Company is in compliance with listing rule 3.1?**

The Company confirms it is in compliance with listing rule 3.1.

Yours sincerely



Colin Johnston  
Company Secretary



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24 October 2011

Colin Johnston  
 Company Secretary  
 BioProspect Limited  
 Suite 4, Level 1  
 50 Bourke Street  
 Melbourne  
 Victoria 3000

By email

Dear Mr. Johnston

**BioProspect Limited (the "Company")**

We refer to the Company's announcement, released to ASX at 18:47 AEST on 20 October 2011, and titled "*Market Update – Frontier's Philippines SC52 gas exploration advances*" (the "Announcement"). The Announcement included, amongst other things, the following:

*"In the announcement released on 27 July 2011, the Directors advised that Frontier's operations team has made several field visits to the site with the aim of undertaking the well re-entry later this year and that infrastructure work at the site has been completed in preparation for a rig's arrival. Delivery of the wellhead and casing hanger were scheduled for August 2011, and following negotiations with rig contractors it was expected the rig would arrive at the site during late August.*

*The Directors have now become aware of delays in securing the suitable rig and related equipment along with the requisite approval processes in relation to the re entry of the well rig. As there remain some final clearances needed which are beyond the control of the Company, the Directors are unable to provide a firm date of when the rig will be ready for operation."*

(the "Delay").

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.

**Australian Securities Exchange**

Australian Stock Exchange Sydney Futures Exchange	Australian Clearing House SFE Clearing Corporation	ASX Settlement and Transfer Corporation Austraclear
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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 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 Delay to be material to the Company?
2. When did the Company become aware of the Delay? Please include details of the relevant time and circumstances of the Company becoming aware of the Delay.
3. If the answer to any part of question 1 is "yes" and the Company became aware of the Delay (or any part of it) 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.
  - 3.2 Why was the information relating to the Delay 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 Delay 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 half an hour before the commencement of trading (7:30am WST) on Thursday, 27 October 2011.**

Your response should be sent to ASX by facsimile on facsimile number (08) 9221 2020. 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 sincerely

[sent electronically without signature]

Fiona Murphy  
Adviser, Listings (Perth)