



BioPharmica Limited

3rd July 2007

Dear Shareholder,

Invitation to participate - BioPharmica Share Purchase Plan

The Company has received requests from shareholders to purchase further options at 20 cents each. Unfortunately these options expired on 30th June 2007 and the Company is unable to do so. However, the Directors of BioPharmica will instead provide a limited opportunity to participate in a Shareholder Share Purchase Plan ('SSPP') prior to 15th July 2007.

The Company would like to give shareholders the opportunity to maximise the benefits of their current BioPharmica shareholding through the 'SSPP'.

BioPharmica intends to seek an IPO for investee Cortical Dynamics on the Australian Securities Exchange.

Under a planned 'spin off' process, BioPharmica (ASX code: BPH) shareholders would receive a free 20 cent share in Cortical Dynamics for every listed BioPharmica share that they hold on 15th July 2007.

This means that an eligible BioPharmica shareholder can participate in the 'SSPP' and receive the same number of 20 cent shares (at no cost) in the new IPO of Cortical Dynamics. The spin off and listing is subject to approval from shareholders and regulatory bodies.

Each shareholder is limited to subscribe for a minimum of \$1,000.00 and a maximum of \$5,000.00 worth of shares at a price of 20 cents per share. The offer has been strictly limited to raise a maximum of \$1,000,000 and thus applications will be processed on a **first received first accepted basis**.

Funds raised from the 'SSPP' will be used for continuing research and development, commercialisation, additional working capital and to meet the anticipated expenses of the issue estimated at \$14,000.00

The 'SSPP' is an exclusive share offer (free of all brokerage and commission charges) made only to those shareholders registered as holders of fully paid shares in the Company at 5.00pm (WST) on the 3rd July 2007.

The Company reserves the right to place any shares not taken up under the 'SSPP' with third party investors following completion of the 'SSPP'. Such a placement may be underwritten and an underwriting fee paid.

Participation in the 'SSPP' is entirely at the option of the shareholder and the offer is non-renounceable. The market price of the shares may change between the date of this offer and the date when the new shares are issued.

A total of 5,000,000 shares are being offered and if fully subscribed will increase the number of shares on issue to 66,316,560. The number of shares to be issued under the 'SSPP' will come within the Company's capacity to issue up to 30% of its capital in an 'SSPP'.

To subscribe for shares please:

Fill in the share application form then place this form and a cheque for the amount desired and post to be received on or before the application closing date of 15th July 2007.

Key Dates-Timetable for the offer:

Record date for entitlements: 5pm WST on 3rd July 2007.

Closing date for applications: 5pm WST on 15th July 2007.

These dates are indicative only. The Company may vary the dates and times of the offer without notice. Accordingly shareholders are encouraged to submit their Acceptance Form as soon as possible.

If you have any questions regarding the Shareholder Share Purchase Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or BioPharmica Limited's share registry, Security Transfer Registrars on (08) 9315 2333.

Kind Regards,

A handwritten signature in black ink, appearing to read 'D. Breeze' with a stylized flourish at the end.

David Breeze
Managing Director
BioPharmica Limited

BioPharmica Limited

ACN 95 912 002

PO Box 317, North Perth 6906, Western Australia
14 View Street, North Perth, Western Australia 6006
admin@biopharmica.com.au www.biopharmica.com.au
T: +61 8 9328 8366 F: +61 8 9328 8733

BIOPHARMICA LIMITED

ABN 41 095 912 002

SHARE PURCHASE PLAN APPLICATION FORM AND INSTRUCTIONS

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.

REGISTERED OFFICE
14 View Street
NORTH PERTH WA 6006

SHARE REGISTRY
Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

«Holder_Name.....»
«Address_Line_1.....»
«Address_Line_2.....»
«Address_Line_3.....»
«Address_Line_4.....»

Holder Number: «Holder_No»

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE BACK OF THIS FORM.

I/We apply for (please tick one box only)

	TICK ONE BOX	NUMBER OF NEW SHARES	AMOUNT AT 20 CENTS PER SHARE
OFFER A	<input type="checkbox"/>	5,000	\$1,000.00
OFFER B	<input type="checkbox"/>	10,000	\$2,000.00
OFFER C	<input type="checkbox"/>	15,000	\$3,000.00
OFFER D	<input type="checkbox"/>	20,000	\$4,000.00
OFFER E	<input type="checkbox"/>	25,000	\$5,000.00

in BIOPHARMICA LIMITED or such lesser number of Shares which may be allocated to me/us by the Directors.

To the Directors
BioPharmica Limited

1. I/We the above mentioned, being registered at 5.00pm (WST) on the Record Date as the holder(s) of Shares in your Company hereby accept the above mentioned Shares, as indicated, to be issued in accordance with the enclosed Shareholder Share Purchase Plan;
2. I/We enclose my/our cheque made payable to BioPharmica Limited, for the amount shown being payment at the rate of 20 cents per new Share;
3. I/We hereby authorise you to place my/our name(s) on the register of share holders in respect of the number of Shares allotted to me/us and;
4. I/We agree to be bound by the Constitution of the Company.

RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE SECURITIES BEING OFFERED

	Drawer	Bank	Branch or BSB	Amount AU\$
PLEASE ENTER CHEQUE DETAILS				

My/Our contact details in the case of inquiry are:

Telephone () Fax () Contact Name

NOTE: Cheques should be made payable to **BioPharmica Limited Trust Account**, crossed NOT NEGOTIABLE and forwarded to Security Transfer Registrars Pty Ltd, PO BOX 535, Applecross, Western Australia, 6953 to arrive no later than 5.00pm Western Standard Time on 15th July 2007.

Complete this panel and sign below only if your Issuer Sponsored address is incorrect
(Chess holders can only amend their address by advising their sponsoring Broker)

New Address:

Signature(s): Date:

Please indicate your correct title : Director / Secretary /

ISSUE CLOSES 5.00PM W.S.T. 15th JULY 2007

THE DIRECTORS RESERVE THE RIGHT TO MAKE AMENDMENTS TO THIS FORM WHERE APPROPRIATE

**FOR INSTRUCTIONS ON COMPLETING AND LODGING THIS APPLICATION FORM, PLEASE SEE BELOW.
IF YOU ARE UNSURE HOW TO COMPLETE THIS APPLICATION FORM, PLEASE CONTACT
SECURITY TRANSFER REGISTRARS PTY LTD TEL: 08 9315 2333**

CERTIFICATION

By completing and returning this Application Form, with my cheque(s) payment for the application monies, I/we hereby:

1. Acknowledge that I/we have read and understood the Terms and Conditions of the BioPharmica Limited Share Purchase Plan;
2. Agree to be bound by the Terms and Conditions of the BioPharmica Limited Share Purchase Plan and the Company's Constitution.
3. Agree to accept any lesser number of new shares than the number of new shares applied for; and
4. Certify that the amount of shares subscribed for by me/us pursuant to the BioPharmica Limited Share Purchase Plan (being a maximum of \$5,000 worth of shares) does not exceed \$5,000, taking into account the shares the subject of this application and any other shares applied for by me/us under the BioPharmica Limited Share Purchase Plan or any similar arrangement within the 12 months prior to this application including joint and other beneficial interests.

INSTRUCTIONS TO COMPLETE APPLICATION FORM

- **Completion of Application Form**

Insert the total amount of your subscription payment in the box headed "Amount Enclosed". If the amount of your stated payment is a different amount to the actual total of cheques included with this Application Form, the Company reserves the right to either reject your application or accept it in respect of the lesser of your stated subscription amount or your actual payment total. Receipts for payment will not be issued.

Please complete all relevant sections of the Application Form using **BLOCK LETTERS**.

Please see the instructions below under the heading "Payment" in relation to how you may pay for the new shares subscribed for.

- **How to Lodge your Application**

The completed Application Form, together with your payment for the full amount of new shares applied for; should be returned with this Application. **This must be received by Security Transfer Registrars or the Company by 5:00pm WST on 15th July 2007.**

The Company's Share Registry is located at the addresses set out below:

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

- **Payment**

You may pay for the new shares applied for by cheque. Cash payment will not be accepted.

Payments must be made in Australian Currency and cheque(s) must be drawn on an Australian Bank.

Complete cheque details as requested. Cheque(s) must be made payable to "BioPharmica Limited Trust Account" and crossed "not negotiable". Cheque(s) not properly drawn may be rejected. Cheques will generally be deposited on the day of receipt. If cheque(s) are dishonoured the application will be rejected.

- **Limitation on Participation**

The maximum subscription limitation of \$5,000 will apply even if an Eligible Shareholder has received more than one Application Form (whether in respect of a joint holding or because the Eligible Shareholder has more than one holding under separate share accounts).

This document sets out the terms and conditions governing an offer of shares made to Eligible Members under the BioPharmica Limited Shareholder Share Purchase Plan ("SSPP").

1: Definitions

In this SSPP, unless the context otherwise indicates:

Acceptance Period means the period commencing on the date on which Offers under that SSPP are sent to Eligible Members and ceasing on the Closing Date;

ASX means Australian Securities Exchange Limited;

ASX Listing Rules means the Listing Rules of ASX;

Board means the board of directors of the Company;

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day;

Closing Date means the date specified in an Offer, or such later date as may be determined by the Board;

Company means BioPharmica Limited;

Eligible Members means members of the Company eligible to participate in an Offer as determined under clause 2;

Offer means a non-renounceable offer of Shares to Eligible Members under the SSPP from time to time;

Market Price means the weighted average sale price of Shares in an ordinary course of trading on ASX over the five (5) Business Days the stock traded immediately prior to that date of the Company announcing its intention to make an Offer. If no Shares have been sold on ASX during those five business days, the Purchase Price will be determined by the Board having regard to the last price per Share of such Shares in the Company sold in the ordinary course of trading on ASX prior to the date of such announcement;

Purchase Price means the subscription price for each Share determined in accordance with clause 5 and specified in each Offer;

Record Date means the date for determining eligibility in an Offer as may be determined by the Board;

SSPP means the BioPharmica Limited Shareholder Share Purchase Plan approved by the Board from time to time;

Shares means fully paid ordinary shares in the Company; and

Terms means the terms of the SSPP, as amended and modified from time to time.

2: Eligibility to Participate

- 2.1 The members of the Company who will be eligible to apply for Shares under an Offer (the “Eligible Members”) are those who:
- are recorded in the Company’s register of members at 5pm Western Standard Time on the relevant Record Date, as determined by the Board, for that Offer
 - have an address (as recorded in the Company’s register of members) in a jurisdiction in which it is lawful and practical for the Company to offer and issue shares under the SSPP (in the reasonable opinion of the board); and
 - the Company has received an application form together with the application monies during the Acceptance Period
- 2.2 The Board may from time to time decide that the right to participate in the SSPP will not be available to members who have registered addresses in a country or a place where participation in the SSPP would or may be unlawful, if no registration statement is given or other formality under the laws of that country or place is not complied with.

3: Application Forms

- 3.1 The Company will not accept an application form unless:
- (a) it is received during the Acceptance Period; and
 - (b) the Eligible Member provides the appropriate monies to accompany the application form.
- 3.2 In response to an Offer, Eligible Members:
- (a) must apply for at least the minimum \$1,000.00 worth of Shares (based on the Purchase Price for that offer);
 - (b) may only apply for Shares in multiples of 5,000 shares as set out in the application form (based on the Purchase Price for that offer); and
 - (c) may only apply for such number of Shares that will result in the total Purchase Price for that Offer when aggregated with the total Purchase Price paid in response to all other Offers in the 12 month period prior to the date of that Offer not exceeding \$5,000.00 worth of Shares (based on the Purchase Price of each relevant Offer).
- 3.3 In respect of application monies received from an Eligible Member, the Company will, at any time earlier and/or within 7 Days of the Closing Date (“Allotment Period”):
- (a) credit that Eligible Member with so much of the application monies as does not exceed \$5,000.00 when added to all other application monies (if any) received from the Eligible Member in the preceding 12 months, pursuant to the SSPP (“Allowable Cash Contribution”);
 - (b) determine the maximum number of additional Shares referable to the Allowable Cash Contribution; and
 - (c) return to the Eligible Member so much of the application monies, if any, received from them as exceeds the Allowable Cash Contribution.

4: Operation of the SSPP

- 4.1 All Offers made under the SSPP are non-renounceable.
- 4.2 Participation in the SSPP by Eligible Members is entirely optional and is subject to these Terms.
- 4.3 Each Eligible Member is solely responsible for obtaining any government or regulatory approvals and consents necessary for that Eligible Member to be eligible to participate in the SSPP.

5: Calculation of the Purchase Price and Acceptance of Risk Factors

- 5.1 The Purchase Price of Shares under an Offer will be determined by the Board at the time each Offer is made, but must be offered at a discount to the Market Price.
- 5.2 By accepting an Offer and applying for Shares under the SSPP, each Eligible Member will be acknowledging that although the Purchase Price is at a discount to the Market Price, Shares are a speculative investment and the price of Shares on ASX may change between the date of the Company announcing its intention to make an Offer and the date of issue of Shares under that Offer and that the price and/or value of the Shares received under the SSPP may rise or fall accordingly.

6: Terms of Issue of Shares

- 6.1 The Board reserves the right to refuse an application (in whole or in part) if it considers that:
- (a) the applicant is not an Eligible Member;
 - (b) the issue of those Shares would contravene any law or the ASX Listing Rules; or
 - (c) the applicant has not otherwise complied with the terms of the SSPP.
- 6.2 Shares will not be allotted under the SSPP, unless and until all necessary shareholder approvals or relevant ASX waivers are obtained to ensure that the issue of the Shares does not contravene any laws or the ASX Listing Rules.
- 6.3 The Company reserves the right to allot fewer or no Shares than an Eligible Member applies for pursuant to an Offer or if the necessary shareholder approval for the issue of Shares is not obtained, or if the Company believes that the allotment of those Shares would otherwise contravene any law or ASX Listing Rule. In the event the Company is not permitted to issue all the Shares offered as a result of any law or ASX Listing Rule, the Company will use its best endeavors to allocate Shares to Eligible Members applying for Shares on a pro-rata basis or on some other equitable basis as may be determined by the Board.
- 6.4 From their date of issue, Shares allotted under the SSPP will rank equally in all respects with the then existing fully paid ordinary shares in the Company and therefore will carry the same voting rights, dividend rights and other entitlements.
- 6.5 The Company will apply for quotation on ASX of Shares issued under the SSPP, within the period prescribed by the ASX Listing Rules.
- 6.6 No brokerage, commissions or other transaction costs will be payable by Eligible Members in respect of an application for, and an issue of, Shares under the SSPP.
- 6.7 Subject to clause 6.1, 6.2 and 6.3 Shares will be issued and holding statements dispatched no later than 15 Business Days after the Closing Date stipulated in respect of an Offer.

7: General

- 7.1 The SSPP will be administered by the Board or a committee of the Board who will have an absolute discretion to:
- (a) determine appropriate procedures for administration of the SSPP consistent with these Terms;
 - (b) resolve conclusively all questions of fact or interpretation arising in connection with the SSPP or these Terms; and
 - (c) delegate to any one or more persons, for such period and on such conditions as they may determine, the exercise of their powers or discretions under the SSPP or these Terms.
- 7.2 The SSPP and these Terms may be suspended, terminated or amended at any time by the Board.
- 7.3 The SSPP will operate until terminated by the board.
- 7.4 The Board may resolve any dispute concerning the SSPP in such manner as they see fit or adopt any administrative procedures in relation to the SSPP as they deem appropriate. The decision of the board will be final and binding on the parties to the dispute or the Eligible Members or both, as the case may be.
- 7.5 Interpretation : In this plan ,unless the context otherwise requires
- (a)Joint holders: If you are recorded with one or more other persons as the joint holder of a holding of BioPharmica Ltd Shares, that joint holding is considered to be a single registered holder for the purpose of the SSPP, and the joint holders are entitled to participate in the SSPP in respect of that holding. If the same joint holders receive more than one offer under the SSPP due to multiple identical holdings, the joint holders may only apply for one maximum parcel of BioPharmica Ltd Shares.
 - (b)Trustees and nominees: If a trustee or nominee is expressly noted on the register of members as holding shares on account of another person (a "Beneficiary"):
 - (a) the Beneficiary is taken to be the registered holder in regard to those shares; and
 - (b) any application for the issue of shares to the trustee or nominee, is taken to be an application by, or an issue to, the Beneficiary.
- 7.6 These Terms are governed by and construed in accordance with the laws for the time being in force in the State of Western Australia.