



SUPPLEMENTARY PROSPECTUS

This is a supplementary prospectus ('Supplementary Prospectus') dated 3 July 2007 intended to be read with the Prospectus dated 17 October 2006, relating to Medihoney Pty Ltd ('Medihoney') a wholly owned subsidiary of Capilano Honey Limited ACN 009 686 435 ('CHL').

This Supplementary Prospectus was lodged with Bendigo Stock Exchange ('BSX') and with ASIC on 3 July 2007. BSX and ASIC take no responsibility for the contents of the Prospectus or this Supplementary Prospectus. Terms used in this Supplementary Prospectus have the same meaning as defined in the Prospectus.

Introduction

'Section 2.1 – Medihoney' of the Prospectus dated 17 October 2006 includes the following statements:

'Medihoney is a wholly owned subsidiary of CHL, and was established in February 2000 to develop and promote the use of antibacterial honeys for a variety of therapeutic applications. After a successful launch in the Australian market, the Medihoney business continues to grow, with particular emphasis this year on launching its products into the UK & EU market.'

In May 2005, Medihoney was certified to quality system ISO 13485:1996 by the Therapeutic Goods Administration for the manufacture of Medical Honey Dressings in Australia.

Medihoney has continued to require significant investment to grow the company to take advantage of the opportunities its products present. To facilitate this investment the company has sought advice and investigated opportunities to raise capital and to reduce its dependence on CHL for funding. As at the date of this Prospectus these investigations are continuing.'

Subsequently, at a Special General Meeting held on 15 May 2007 shareholders resolved to authorise the sale of Medihoney to Comvita Limited for consideration of A\$6 million. The purchase price comprised of A\$500,000 in cash and A\$5.5 million in Comvita Limited shares valued at a volume weighted average of trading prices over 10 days preceding the announcement of the transaction to the New Zealand Stock Exchange. This has resulted in a share price of NZ\$3.92, which resulted in Capilano receiving 1,560,765 shares, representing 8.04% of Comvita Limited's share capital.

Prospectus

Accordingly, the last sentence of the existing wording should be deleted, and following wording should be added to the Prospectus at the end of 'Section 2.1 – Medihoney':

'At a Special General Meeting held on 15 May 2007 shareholders resolved to authorise the sale of Medihoney to Comvita Limited for consideration of A\$6 million. The purchase price was A\$500,000 in cash and A\$5.5 million in Comvita Limited shares (8.04 % of total Comvita Limited Share capital). The sale was finalised on 3 July 2007.'

The therapeutic honey business will be developed by the Comvita Group, in which CHL now has a direct investment.'

The terms of the sale agreement include:

- *The Bee-Vital brand was not included in the sale and will remain with CHL.*
- *CHL will permit Medihoney to continue to occupy its current premises for a period not to exceed 6 months from the completion date on terms no less favourable than currently apply.*
- *CHL will provide the range of services it currently provides to Medihoney for a period not to exceed 6 months from the completion date on terms and conditions no less favourable than currently apply.*
- *To the extent legally possible CHL and its subsidiaries will not compete with therapeutic and medical honey applications for a period of five years from completion date but this restraint shall not apply to sales of honey marketed under the name Bee-Vital to the grocery channel world wide and all channels in North America.*

The Board believes that Medihoney's fullest potential is best served by its sale to Comvita Limited, which is a major participant in therapeutic honey in the international market.'

This Supplementary Prospectus has been duly signed on behalf of the Directors of CHL.

A handwritten signature in black ink, appearing to read 'R D Masters', is positioned above the typed name and title.

Signed for and on behalf of the Directors

Roger D Masters
Managing Director