

# Capital Raising

Dear Shareholder


The Capital Raising proposal has been finalised and is detailed in the Rights Issue Prospectus dated Friday, 12 February 2010, which will be mailed to all existing Shareholders on Tuesday, 2 March 2010 with a personalised Entitlement & Acceptance Form. The Prospectus is also available online at [www.capilano.com.au](http://www.capilano.com.au) and [www.bsx.com.au](http://www.bsx.com.au).

Capilano is seeking to raise up to approximately \$6.5 million by way of a non-renounceable offer to Eligible Shareholders of 1.8 New Shares for every 1 Share held on the Record Date at a price of \$0.70 per New Share. Eligible Shareholders will also be given the opportunity to subscribe for New Shares in excess of their Entitlement under a Shortfall Facility. The funds raised under this Prospectus, less any associated expenses, will be used to pay down debt.

## The Offer:

- CHL is seeking to raise \$6.5 million by way of a non-renounceable offer to eligible shareholders
- Total number of shares to be issued 9,272,000 Ordinary Shares if the offer is fully subscribed
- Issue Price \$0.70 per share
- Entitlement 1.8 New Shares for every 1 Share held as at 1 March 2010\* (*rounded up to nearest whole share*)  
*\* Due to Settlement requirements, shares purchased on the BSX after 18 February 2010 will not be registered by the Record Date of 1 March 2010 and will not carry any rights issue entitlements.*
- Rights Issue Prospectus to be mailed to Shareholders 2 March 2009
- Acceptance Form A personalised 'Entitlement & Acceptance Form' will accompany the Rights Issue Prospectus.  
Choices include:
  - ~ to take up your FULL entitlement;
  - ~ to take up PART of your entitlement and allow the balance to lapse;
  - ~ to APPLY FOR ADDITIONAL SHARES under the shortfall facility;
  - or
  - ~ APPOINT A NOMINEE to take up all or part of your entitlement; or apply for Additional Shares.
- Payment options Cheque, EFT, Honey<sup>#</sup>  
*# To assist Supplier Shareholders wishing to acquire New Shares under the Offer, CHL will, on a case-by-case basis, consider setting off amounts that CHL owes to those Supplier Shareholders for honey (including futures) against the application price for New Shares applied for under the Offer. Supplier Shareholders wishing to pay for New Shares in this manner should contact Richard Rivalland or Annette Zbasnik for approval. Ph: 1800 350 977.*
- **Closing Date for acceptances 2 April 2010 (including payment in full)**
- Issue of Share Certificates for new shares 13 April 2010
- Total number of shares following Rights Issue 14,422,495 Ordinary Shares if the offer is fully subscribed

These dates are indicative only and subject to change. The Directors reserve the right to vary these dates, including the Closing Date for acceptances without prior notice, subject to the Listing Rules. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the New Shares. Shareholders must read the Rights Issue Prospectus dated 12 February 2010 in order to make a fully informed investment decision and should consider seeking professional investment advice.



Richard Rivalland  
Company Secretary