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15 March, 2012

Dear Shareholder

**Mariner announcement seeking to purchase shares in Capilano Honey Limited
up to 20% of the issued capital at up to \$1.50 per share**

You should be aware that Mariner recently completed the acquisition of GPG's stake in Capilano Honey Limited (**Capilano**) at \$1.63 per share. In addition, Mariner has announced publicly (see ASX Announcement dated 13 March 2012 – link reference below) that it is offering to buy additional Capilano shares at a price well below what they were previously prepared to pay for the purchase of the Capilano shares previously held by GPG.

You should also be aware that the weighted average traded price of Capilano shares on the Bendigo Stock Exchange (**BSX**) in the past 3 months has been \$1.64/share if you include shares that Mariner has traded, and \$1.92/share if you exclude their GPG acquisition. It is also worth noting that these prices remain considerably below the Net Asset Backing per share of \$2.75.

As previously advised in the Half Year Report (see BSX Announcement dated 6 February 2012) Capilano is currently making application to transfer the listing of its shares from BSX to the Australian Securities Exchange (**ASX**) subject to certain conditions, including the position that Capilano Beekeepers Ltd will retain the right to appoint two Capilano directors. The ASX has given its written confirmation that such conditions are acceptable. The Board expects to be able to advise shareholders shortly on the outcome of that application.

Reasons for seeking to transfer the listing of Capilano's shares from BSX to ASX are the greater number of brokers and investors participating in that market, the prospect of increased broker interest in Capilano, increased liquidity in Capilano shares and the prospect of a higher Capilano share price.

Last financial year Capilano paid a 15 cent/share dividend and recently paid a 10 cent/share interim dividend for the current financial year.

There is a stock exchange - namely BSX - available for shareholders wishing to sell and the Board's clear preference is that purchasers avail themselves of that market. In its abovementioned ASX announcement, Mariner has limited its holding to 20% in number of Capilano shares. If it was to acquire more than that percentage, then subject to certain exceptions, it would be obliged to make a takeover bid for all the shares in Capilano that it did not already own, at a price no lower than the highest price it paid for any Capilano share in the 4 months preceding the date of that acquisition.

Shareholders should carefully consider the above matters in assessing the Mariner offer. In doing so, it is recommended that, if felt appropriate, they discuss this matter with a competent and qualified independent financial adviser.

Yours sincerely

Trevor Morgan
Chairman

ASX Link Reference:
ASX Announcement dated 13/03/12- <http://www.asx.com.au/asxpdf/20120314/pdf/4250b86tyx4cp5.pdf>