



SUPPLEMENTARY PROSPECTUS

This is a supplementary prospectus ('Supplementary Prospectus') dated 17 May 2004 intended to be read with the Prospectus dated 13 October 2003 relating to the offer of shares and Unsecured Notes in Capilano Honey Limited ACN 009 686 435 ('Capilano').

This Supplementary Prospectus was lodged with ASIC on 17 May 2004. ASIC takes no responsibility for the contents of this Supplementary Prospectus. Terms used in this Supplementary Prospectus have the same meaning as defined in the Prospectus.

On Friday 14 May 2004, shareholders of Capilano voted in favour of two proposed resolutions included in a Notice of Meeting document. These resolutions were:

RESOLUTION 1

'That the constitution of Capilano Honey Limited be amended in the manner set out in the marked up constitution which is Annexure A to this Notice of Meeting and forms part of this Notice of Meeting, and that the Consolidated Constitution of Capilano Honey Limited be adopted.'

RESOLUTION 2

'That the Foundation Share be issued to Capilano Beekeepers Ltd. The Foundation Share is to be established on the terms set out in this Notice of Meeting and Annexure A to this Notice of Meeting.'

The effect of these resolutions was that:

- (a) a foundation share was put in place through amendment of the Capilano constitution, and issued to a company called Capilano Beekeepers Ltd; and
- (b) changes were made to Capilano's constitution which will enable Capilano to seek listing on the Bendigo Stock Exchange.

The terms of the foundation share are as follows:

FOUNDATION SHARE

- 9A. The Foundation Share may only be held by the Foundation Shareholder.
- 9B. The Foundation Shareholder shall be entitled to receive notice of and, either by proxy or by representative, to attend, speak and vote at any general meeting of the Company.
- 9C. The Company may not pass any ordinary resolution without the affirmative vote of the Foundation Shareholder.
- 9D. On a special resolution the Foundation Share shall confer 75% of the total number of votes which are entitled to be cast in relation to special resolutions.
- 9E. The Foundation Share shall confer no right to participate in the capital or profits of the Company other than the right in a winding up to a distribution of capital *pari passu* with other members entitled to share in a distribution of capital in a winding up.
- 9F. Notwithstanding any other provisions of this Constitution, the rights and limitations attached to the Foundation Share under rules 9A to 9F inclusive must not be altered without the consent in writing of the Foundation Shareholder.

Pursuant to the Corporations Act, these changes are effective one month after passing of the resolution, namely on 15 June 2004.

A copy of the amended constitution with changes 'marked up' which was approved in general meeting may be inspected during business hours at the registered office of the Company. A copy of the amended constitution is also available by search at ASIC.

The Board became aware that due to legislative change, the exempt stock market would cease to operate on 11 March 2004. Accordingly, the Board resolved to suspend trading in the Company's shares on 13 February 2004 until suitable alternative arrangements could be put in place.

Following the shareholders' meeting on 14 May 2004, which approved the relevant resolutions, the Board has made application to BSX for admission of the Company to the official list, and for listing of the shares for trading.

The Board expects that trading in shares in Capilano will be able to commence on or around 18 June 2004.

BSX does not take responsibility for the contents of the Prospectus nor the Supplementary Prospectus. The fact that BSX may admit Capilano to its official list is not to be taken in any way as an indication of merit of Capilano. Capilano has not raised any capital for the 3 months before the date of issue of the Prospectus or the Supplementary Prospectus and will not need to raise any capital for at least a further 3 months.

This Supplementary Prospectus has been duly signed by and on behalf of the directors of Capilano.

A handwritten signature in black ink, appearing to read 'R D Masters', written in a cursive style.

Signed for and on behalf of the Company

Roger D Masters
Managing Director