

 **Announcement**

**Headline** BOZ General Announcement to NZX 24 June 2008

The Board of Botry-Zen (the "Company") has announced that subject to all necessary shareholder approvals it intends making a private placement of convertible notes and stapled options (the "Placement") of up to \$1.8 million.

The Placement will be subject to shareholder approval at a special meeting of shareholders to be held in the second half of August. It is expected that the notice of the special meeting will be sent to shareholders in early August.

The convertible notes are proposed to have a face value of \$1.00; pay quarterly interest at a fixed rate of 11.25 % per annum; and have a term of 4 years at which point (if not converted prior to that time) they will convert into ordinary shares (ranking equally with all other ordinary shares on issue in respect of dividends and voting rights). The convertible notes may also convert at any time at the option of the holder into ordinary shares in the Company. The conversion price for the convertible notes will be 4 cents per ordinary share. Participants in the Placement will also receive stapled options in the ratio of 20 options for every convertible note subscribed for. The options will be exercisable at any time in the period 2-6 years following their issue after which they will lapse. The exercise price for the options is 4 cents.

The Company has to date received commitments for the Placement totalling \$1.3 million contingent on shareholder approval and will be seeking authority from its shareholders for up to \$1.8 million so as to provide the directors with flexibility to place an additional \$500,000. Participants include the directors and accordingly the Notice of Meeting will be accompanied by an independent appraisal report.

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The funds raised through the Placement will be applied to both increase production capacity and develop the marketing of its products. The Board has considered a number of alternative sources of capital, including an offer of securities to existing shareholders via pro-rata rights issue, but has determined that in the context of current economic conditions and the timing of the Company's capital requirements, the Placement provides the most commercial, cost effective and certain means of raising the required funding within the necessary timeframe.

For more information regarding the Company and its products BOTRY-Zen and ARMOUR-Zen please visit the Company's website: [www.botryzen.co.nz](http://www.botryzen.co.nz).

For further information regarding this announcement please contact:

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