



To: New Zealand Exchange Limited
Subject: General Announcement
Date: 1 September 2008

Botry-Zen Limited (the "Company") announces it has today executed:

- 1 A new loan overdraft facility agreement with Bank of New Zealand for a maximum facility of \$1.2 million which has a termination date of 30 April 2009.
- 2 A loan agreement with Melic Innovators Limited ("Melic") in the amount of \$500,000 for a term of 3 years on terms mirroring the interest payable by the Company on its Bank of New Zealand overdraft facility.
- 3 A subscription agreement with Melic for the issue of 25,000,000 ordinary shares at an issue price of \$0.02 being in aggregate an amount of \$500,000. This placement represents approximately 12% of the Company's issued capital.

Melic previously operated Bush Road Limited, a prominent food processing operation based in, Mosgiel, Otago. The Melic funds have been received by the Company.

The Company is currently in discussions with another unrelated party to subscribe for approximately 10,000,000 ordinary shares, also at \$0.02. The Company expects to be in a position to announce later this week whether that placement will proceed.

The Company recently announced production difficulties in respect of the manufacture of its product BOTRY-Zen. The most recent production results have produced improved levels of BOTRY-Zen, but it may be premature to conclude that the recent difficulties will not recur. The Company will provide further information as to production results when there is greater certainty of the levels which can be achieved for the current season.

Production of ARMOUR-Zen has been delayed whilst the Company stabilised its financial position. The new capital will enable ARMOUR-Zen production to re-commence.

PricewaterhouseCoopers had been engaged by the Company to provide independent advice to the Company as to its financial position and options. That engagement has now been completed.

Dr Max Shepherd
Chairman

On behalf of the Board of Directors