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Dear Grower,

AUSTRALIAN OLIVES PROJECTS 1, 2, 3, 4, 5 and 6

We are now in a position to provide growers with options for the future.

I enclose a Combined Agricultural Report prepared by our Farm Manager, Australian Green & Gold Ltd. The report has been prepared on the basis of consolidating the groves in all six projects allowing for the pooling of all harvest revenues. It should be read in conjunction with the individual project reports which can be found on our website, including reports on Projects 1, 2 & 3.

While we make no recommendation to growers on their investment, we make the following observations.

1. A small number of growers have in the past indicated an interest in continuing with their investment. We have therefore continued to manage the property at best practice standards pending growers reaching a decision on the future of their investment by continuing on a restructured basis or winding up the projects.
2. We confirm previous advice that outstanding management fees must be paid by all growers who wish to terminate their investment. We have issued invoices to the 31st May 2009 by which date we expect to determine the future of the projects. We have not received from Australian Olive Projects (AOL) payments they received from growers for periods beyond the date of their removal as Responsible Entity and Manager. At this date we have not received any assistance from ASIC who continue to investigate this and other breaches of the law by AOL. We are considering bringing an action against AOL in the Federal Court on these matters.
3. Any outstanding licence fees due to Collective Olive Groves Limited must be paid to Mr G. Reidy of Rodgers Reidy, Chartered Accountants of Level 8, 333 George Street Sydney. We have been advised by Mr Reidy that the planned Deed of Company Arrangement proposed by the directors of AOL has not been executed within the timeframe set down in the Corporations Act. The company was therefore placed into liquidation on 15 April 2009.

Mr Reidy has been appointed liquidator and will seek payment of outstanding licence fees which will continue to be payable regardless of the liquidation or ultimate ownership of the project land.

4. Mr Peter Shakspeare Managing Director of Australian Green & Gold Ltd, has indicated that his company is willing to continue the management of the projects under the current management agreement in place with HML and to consider taking over some proportion of groves surrendered by growers. We suggest that growers interested in considering remaining with the projects should meet Mr Shakspeare and have the opportunity to ask questions of the attached report. Likewise growers are invited, and are welcome, to visit Yallamundi to inspect the property which currently looks a picture.
5. A major consideration for those growers wishing to continue their investment is their number, and therefore their capacity, to meet annual operational expenses which will be divided amongst those willing to continue. Should Australian Green & Gold Ltd acquire some surrendered interests they would obviously be committed to pay their share of those expenses.
6. The question of reliability of the water supply is also a major issue. We have previously proposed to Australian Olives Holdings Pty Ltd, the owner of the "water land" that we are prepared to pay a commercial rate for water delivered. Australian Olives Holdings Pty Ltd have no alternative source of revenue for their water as it can only be used on the land and cannot be temporarily transferred and sold downstream.

The court case brought against Huntley Management Ltd for non-payment of water charges under the former water supply agreement is listed for further directions in the Federal Court on 13 May 2009. A hearing date is yet to be fixed.

7. Huntley Management Ltd (HML) has a litigation funding agreement with LCM Litigation Fund in respect of Projects 4, 5 and 6. A Statement of Claim against AOL and their directors has been served on all parties in respect of Project 5. In the Statement of Claim it is alleged, amongst other things, that the Prospectus contained misleading statements, that AOL should not have charged management fees in circumstances where the number of trees surviving was substantially less than the number of trees subscribed for by investors and AOL was in breach of its duties to investors by continuing to charge full management fees when it had cut back on management services. Damages are sought in respect of these matters and it is also alleged that the directors were involved.

Similar proceeding will be commenced shortly in respect of Project 6. The litigation funder has also commenced investigations into possible claims in regard to Project 4, but those investigations could take some time and there is no certainty as to the outcome. The litigation funder has also indicated that it will thereafter consider potential claims in Projects 1 to 3

8. Regardless of whether the projects are wound up or not, we will continue to represent all current growers in the actions against Australian Olives Ltd and their directors. We will distribute the proceeds of all successful claims which we expect will take considerable time to be heard and verdicts reached.
9. We will need to determine an equitable basis for grower's interest in the consolidated projects for those who wish to continue in the future, presently groves in different projects have differing size interests.
10. Growers who have borrowed to finance their interest in projects, whether from Collinsville Finance Pty Ltd or other lenders have a continuing obligation under those loan agreements.

11. The Huntley Group will be required to continue to provide Responsible Entity and Custodian services should the projects continue. We had expected that the projects could have been corporatized and managed by a board of directors including the farm manager and growers who held large grove interests. Unfortunately, with the land owning company being placed into liquidation, the future tenancy is dependent on the leases on the project land in favour of the Responsible Entity for the benefit of growers. We estimate the annual costs in providing these services will be approximately \$250,000 per annum.

We also enclose the following documents:

- A letter of advice from Piper Alderman Solicitors regarding the taxation consequences of the future options. We have also commissioned a valuation of the groves in each project from BDO Kendalls, Chartered Accountants, in order to provide guidance on prospective capital loss allowances for those wishing to terminate their investment,
- An Election and Power of Attorney Form. Use this Form to indicate your preference to either terminate your investment or continue on a restructured basis. If you wish to terminate your investment you must complete and sign the Power of Attorney part of the Form in favour of HML providing authority for us to deal with your interest and groves in the Projects
- Envelope. Use this to return your completed Election and Power of Attorney Form to HML.

In the event that you decide to consider continuing with your investment, your indication in the enclosed form does not commit you to this option. A meeting with the farm manager will be arranged early next month once we receive advice from growers of their intentions and understand the number wishing to consider the option going forward.

Please return the Election and Power of Attorney Form duly completed and signed in the envelope supplied by **8 May 2009**.

Please do not hesitate to contact us should you have any immediate questions that could bear on your decision to consider going forward.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'John H Knox', written in a cursive style.

John H Knox
Managing Director
Huntley Management
ABN 52 089 240 513

Australian Olives Projects 1 to 6

Combined Agricultural Report

DATED – 14.04.2009

Presented by Australian Green & Gold
Limited

For
The Huntley Group

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This report is provided for the sole purpose of The Huntley Group and is based on the specifications given to Australian Green & Gold Ltd by The Huntley Group. Australian Green & Gold Ltd and its related entities distributing this document and each of their respective directors, officers and agents believe that the information contained in this document is correct and that any estimates, opinions, conclusions or recommendations contained in this document are reasonably held or made as at the time of compilation. However, no warranty is made to the accuracy or reliability of any estimates, opinions, conclusions or recommendations (which may change without notice) or other information contained in this document and, to the maximum extent permitted by law, Australian Green & Gold Ltd disclaims all liability and responsibility for any direct or indirect loss or damage which may be suffered by any recipient through relying on anything contained or omitted from this document.

TERMS

1. Australian Olives Projects 1 to 6 are referred to as AOP's
2. Australian Olives Limited is referred to as AOL
3. Australian Olives Holdings Limited is referred to as AOHL
4. Australian Green & Gold Limited is referred to as AGG
5. Huntley Group is referred to as HG
6. Australian Olives Projects 1 to 6 investors are referred to as Growers.
7. Collective Olive Growers Limited is referred to as COGL

BRIEF

The Huntley Group has commissioned Australian Green & Gold Limited to provide information on the Australian Olives Projects 1 to 6 in relation to the agricultural viability of the combined projects using certain assumptions in relation to environmental circumstances and the availability and access to specific resources.

ASSUMPTIONS

1. For the purpose of irrigation requirements and water availability, projects 1 through 4 have been grouped and projects 5 and 6 have been grouped. This is based on the assumption that existing irrigation systems are maintained, i.e. there is no current avenue to access water from the main Yallamundi lagoon for projects 5 and 6. Projects 1 through 4 are irrigated from the Yallamundi Lagoon and projects 5 and 6 are irrigated separately with water from the South Dam. Other calculations in relation to yield and hectare management have been carried out on a combined projects basis, i.e. projects 1 through 6.
2. This report relies upon information contained within each of the individual project reports issued to Huntley Group by AGG. This report should be read in conjunction with the individual project reports.
3. The financial analysis contained in this report relies on access to the irrigation and other infrastructure, water resource and the successful commercial negotiation as to the value of this resource.
4. Other information relied upon in this report has been resourced from the following:
 - Tree varieties from AOL staff

TABLE OF CONTENTS

EXECUTIVE SUMMARY	4
EVALUATION OF EXISTING GROVE CONDITION OVERVIEW	6
Dead and Unviable Trees	6
Tree Varietals	7
Irrigation Infrastructure	8
Water Availability	8
Seasonal Circumstances	9
Current Restrictions to Management	10
Access to the Property	10
Access to Amenities	10
Access to Irrigation and Water Supply	10
Access to Management Funds	10
ANALYSIS	11
Yield and Cost Analysis Based on Varying Assumptions	11
Table – Financial Analysis Using Varying Assumptions.....	13
RECOMMENDATIONS	14
Overview	14
Tree Numbers	14
Water and Service Agreement	15
Option 1	15
Option 2	15
Management	16
Australian Green & Gold Limited	16
Experience	16
Location	16
Harvesting.....	16
Processing and Marketing	17
Fees	17
CONCLUSION	18

EXECUTIVE SUMMARY

Australian Green & Gold Limited (AGG) was commissioned by the Huntley Group to undertake an assessment of the Australian Olives Projects 1 to 6 in relation to the agricultural viability of the combined projects, using certain assumptions in relation to environmental circumstances and the availability and access to specific resources.

The purpose of this report is to provide the Huntley Group with an analysis using varying assumptions as to the viability of the combined olive growing operation and make recommendations as to the future management of the grove. AGG has considered dead and unviable trees, irrigation infrastructure and water availability when assessing the viability of the grove and for these purposes has separated projects 1 through 4 from projects 5 and 6. AGG has made the assumption that existing irrigation systems will be maintained, i.e. there is no current avenue to access water from the main lagoon for projects 5 and 6. Projects 5 and 6 are irrigated separately utilising the South Dam infrastructure and resource. Other calculations in relation to yield and hectare management have been carried out on a combined basis including projects 1 through 6.

AGG has carried out this assessment primarily using information gathered and presented to Huntleys in separate Project reports specific to each project. This report should be read in conjunction with the individual project reports. The assumptions based around water availability and reliability are opinions of AGG management only and they are not based on expert advice. AGG has made prior recommendations to HML for a hydrological study to be carried out to provide factual data to determine the average annual availability of water to the Yallamundi, North and South dams.

In addition to AGG's own observations, it has relied on data provided by The Huntley Group by way of project allotment plans and members registers.

Peter Shakspeare is the Managing Director of Australian Green & Gold Limited, who are the Responsible Entity and Managers for the Brooklyn Park Olive Groves managed investment schemes. Peter Shakspeare has been overseeing the management of projects 5

and 6 since March 2008, Projects 4 since April 2008 and Projects 1 and 2 since November 2008 and Project 3 since mid December 2008.

Peter Shakspeare has relied upon his and his colleagues experience over the past year with this specific property, along with past experience from other olive grove management and on data listed above to carry out a medium to long term assessment on the commercial viability of olive production at this site.

Fundamentally, this olive grove has potential to produce good yields to industry standard provided it is managed on a strategic irrigation program depending on seasonal water availability. The analysis contained in this report uses water variables of 100%, 75%, 50% and 0% water allocation, over a ten year average assuming 100% for 3 years, 75% for 3 years, 50% for 2 years and 0% for two years. This analysis shows a combined projects net profit before tax of \$900,000, before water costs. Further analysis has been carried out using varying water costs per megalitre.

The following factors have been identified as critical key drivers to the combined areas olive groves management success;

1. an economical water and services agreement can be negotiated allowing reliable access to irrigation infrastructure and water supply,
2. adequate funds are applied for present and on-going management costs
3. adequate facilities are available in close proximity for processing and storage of oil and eventual pickling of table fruit
4. management costs are reduced to a 'user pay' at cost basis as opposed to an annual set fee,
5. experienced management is retained with the ability to efficiently manage the grove

Assuming the above keys to success can be achieved, AGG believes the combined project olive groves have good potential to become a viable operation.

EVALUATION OF EXISTING GROVE CONDITION OVERVIEW

Dead and Unviable Trees

The following table is an overview snapshot per Project of the dead and / or unviable trees:

	Total Trees - Allotment Plans	Dead / Unviable Trees	% Dead
P1	34,040	896	2.63%
P2	52,160	3,039	5.83%
P3	43,125	958	2.22%
P4	79,307	17,834	22.49%
P5	64,236	21,610	33.64%
P6	48,442	15,327	31.64%
Total	321,310	59,664	18.57%

Detailed information in relation to each project and reasons for tree attrition can be found in individual reports issued by AGG to Huntley Group for projects 1 to 6. The total trees as per the allotment plans required to be planted for all projects is 321,310 trees. The total amount of dead and / or unviable trees for all projects is 59,664, totalling 18.57% of the combined projects. It is evident from the above table, that Projects 5, 6 and 4 respectively have suffered the most tree death, please refer to the individual project reports for detailed information on each project.

Due to the separate irrigation infrastructure which services projects 1 to 4 and part of project 5 from Yallamundi lagoon and the balance of project 5 and project 6 from the South Dam, the overall grove management plan with respect to tree retention, culling and replanting will be treated independently for each irrigation area.

Projects 1 to 4 should have planted a total number of trees of 208,632 of which 22,727 trees are dead and a further 2% are estimated to be unviable (4,172), resulting in a remaining balance of trees 181,733, for continuing management. As AGG has no access to hydrological surveys for the catchment areas supplying the Yallamundi lagoon, the North dam or the South dam, AGG has based its water availability projections on limited observations of rain events and visual appraisal of the catchment area run off that have occurred whilst AGG has managed the projects. It is the opinion of AGG that by using the combined water facility of Yallamundi lagoon and the North dam, based on average annual rainfall, that there would be sufficient water (i.e. in

excess of 3,000 megalitres per annum) to adequately irrigate this number of trees (181,733). This is assuming minimum requirements of 5 megalitres per hectare per annum.

Projects 5 and 6 should have planted a total number of trees of 112,678 of which 36,937 trees are dead and a further 10% are estimated to be unviable (11,268), resulting in a remaining balance of trees, 64,473 for continuing management. As AGG has no access to hydrological surveys for the catchment areas supplying the South dam, AGG has based its water availability projections on limited observations of rain events and visual appraisal of the catchment area run off that have occurred whilst AGG has managed the projects. It is the opinion of AGG, based on average annual rainfall, that there would be sufficient water (i.e. in excess of 900 megalitres per annum) to adequately irrigate this number of trees (64,473). This is assuming minimum requirements of 5 megalitres per hectare per annum.

It should be noted that the water available for projects 5 and 6 is limited by the holding capacity of the South Dam (900 megalitres) and that visual appraisal of the catchment area indicates that more run off would be available.

Tree Varietals

Projects 1 to 3 are a mixture of oil, table fruit and dual purpose varieties. Oil varieties are Paragon (32,019), Corrigiola (6,880) and Barnea (2,840). The table varieties are Hardy Mammoth (17,239), Kalamata (14,302), Chi California (930) and Jumbo Kalamata (4,134). The dual purpose varieties are Manzanillo (51,004). The information provided for the varieties planted in projects 1 through 3 were provided to AGG management by staff at AOL.

The varieties in project 4 are all oil varieties assessed by row labelling and tree sight. AGG have not yet received varietal data in relation to these plantings.

Projects 5 and 6 are all oil varieties, Frantoio (10,712), Koroneiki (4,230) Coratina (11,056), Picual (5,496), Hojiblanca (3,446), Arbequina (5,567), Picholine (3,608), Barnea (3,477) and mixed (25,985). The information provided for the varieties planted in projects 5 and 6 were provided to AGG management by staff at AOL. AGG assumes information has only been provided for those trees still alive, not those at planting.

There is a significant difference in information provided on varieties in terms of tree numbers to that which should have been planted.

Of the tree varieties planted across the six projects, AGG has identified the high yielding oil and table fruit varieties as priority management areas. In the interim, it is intended to crush all fruit for oil, which will result in varying degrees of extraction rates when processing, of between 10 to 17%. This is due to the nature of the table fruit yielding much less oil than oil varieties. There are currently no facilities to pickle the table fruit, however AGG anticipates that into the future this is likely to change and therefore considers the high yielding table fruit varieties should be maintained. It should be noted that for the purpose of the short term, yield and price projections contained in this report are based on oil production only.

Irrigation Infrastructure

The existing irrigation infrastructure services projects 1 to 4 and part of project 5 and the balance of project 5 together with project 6 in separate irrigation areas. Specifically, projects 1 to 4 and part of project 5 are serviced from the main Yallamundi lagoon and the balance of project 5 together with project 6 are serviced from the South Dam. There is currently no infrastructure in place to reticulate water from the lagoon to the balance of project 5 and to project 6. Significant capital expenditure would be necessary to facilitate this reticulation. Given the projected water availability from the lagoon, any use of this water to supplement other areas of the grove, i.e. projects 5 and 6 would decrease production of projects 1 through 4 and therefore would not be a viable option. AGG has made a preliminary assessment of the existing irrigation infrastructure and believe it is sufficient, however further capital expenditure with respect to repairs and maintenance of engines, underground mainlines, valves and replacement of sprinklers to facilitate efficient irrigation may be required into the future. No allowance has been made in the financial analysis for this possible capital requirement. It should be noted that AGG has never been granted access to make a full analysis of irrigation infrastructure, nor has AGG been able to irrigate any groves on projects 1 through 4.

Water Availability

Maximum capacity of Yallamundi lagoon is said to be 7000 mega litres (unverified). To achieve this 7000 megalitres storage, water is pumped across from the north dam

(located north west of projects 1 to 4) at considerable pumping costs. The north dam is estimated to hold approximately 1000 megalitres (unverified).

From AGG's visual assessment, we are of the opinion that once the dam has reached a capacity of approximately 3000 megalitres, subsequent flows into the dam (either via Spiers Creek or pumped from the Northern Dam) would back up the diversion channel and flow down Spiers Creek, i.e. out of the dam. This is due to the hydrology of the dam, it can only fill to the level of the diversion channel before the flows are reversed. In AGG's account of a normal wet season at Yallamundi, i.e. 2008, the north dam filled, (estimated to be 1000 megalitres) and Yallamundi lagoon received approximately 800 megalitres of inflows. If this is considered normal seasons and this occurred twice per year, it is reasonable to assume that gross water availability from these dams would be approximately 3600 megalitres per annum maximum available for grove irrigation.

The south dam that services the balance of project 5 and project 6 holds approximately 900 megalitres (unverified) and in AGG's account of a normal wet season i.e. 2008, approximately 450 megalitres was captured in the dam. If this is considered normal seasons and this occurred twice per year, it is reasonable to assume that gross water availability from this dam would be approximately 900 megalitres per annum maximum available for grove irrigation.

It is the opinion of AGG, after basic visual appraisal of the catchment area, that more than 900 megalitres of run off may be available. Therefore, the limitation to the water available for Projects 5 and 6 is the capacity of the South dam.

Seasonal Circumstances

AGG's recent (however limited) experience at the AO projects have indicated that extreme seasonal and environmental circumstances can impact yield results, such as extremes of cold winters and hot winds in summer. These events can have detrimental effects on production and are generally exacerbated by the lack of irrigation. AGG does note however that these events form part of normal agricultural risks and are not specific to the AO projects.

Current Restrictions to Management

Access to the Property

Road access to projects 1 to 6 has been denied by AOHL due to the dispute regarding the water and services agreement previously in place between AOHL and the Responsible Entity, (AOL). AGG has been accessing groves for grove management via a bush track on COGL land, which is not sustainable long term without major capital upgrades. Continued denied access could result in significant problems with machinery and harvest, especially if it rains during these periods.

Access to Amenities

AGG management has been denied access to amenities such as accommodation, machinery sheds, toilets, water supply for spraying and fuel tanks. If these restrictions are upheld then considerable capital expenditure will be required to replace these amenities. Workplace Health and Safety standards are difficult to maintain under the present circumstances and will need to be addressed as a priority.

Access to Irrigation and Water Supply

AGG management has been denied access to irrigation infrastructure by AOHL due to the dispute regarding the water and services agreement previously in place between AOHL and the Responsible Entity, (AOL). To maintain the groves viability it is paramount that priority is given to negotiating an economically viable water supply and irrigation access agreement.

Access to Management Funds

AGG has a management agreement currently in place with Huntley Group for the six projects. AGG is restricted as to the management services it is able to supply due to the unavailability of funds from the project investors. This is not sustainable long term. AGG's Board is concerned about the level of risk being taken in providing management services to the AO projects under the current circumstances, this includes out of pocket expenses for grove maintenance and management and management fees for services provided to date.

ANALYSIS

Yield and Cost Analysis Based on Varying Assumptions

The below financial analysis has been carried out to provide Growers with a medium to long term outlook on the viability of combining all project groves and continuing with olive grove production on this site. The key variable in this ten year average financial analysis is the reliability of supply and access to water.

The assumptions for each calculation are listed below from a to d and correspond directly with the results in the table below, A to D.

- a. Maximum water (5mgl per hectare), normal rainfall, reduced trees, reduced hectares under management, maximum yield 40kg per tree, at maturity of 8 years old
- b. 75% water, normal rainfall, 25% variable costs reduction, reduced trees, reduced hectares under management, reduced yield 30kg per tree, at maturity of 8 years old
- c. 50% water, normal rainfall , 75% variable costs reduction, reduced trees, reduced hectares under management, reduced yield 26kg per tree, at maturity of 8 years old
- d. 0% water, normal rainfall, 75% variable costs reduction, reduced trees, reduced hectares under management, reduced yield 5kg per tree, at maturity 8 years old.

The below analysis also includes varying assumptions listed from 1 to 3 below. The calculations cover ***all*** grove costs including;

- management
- production
- harvesting
- processing into oil and storage

with the exception of charges related to the water and services agreement held between the Growers and AOHL.

AGG has made water purchase cost assumptions to assist with the assessment of the affordability of water supply charges. The below analysis *includes* both harvesting, processing and storage costs.

Other variables to note are;

1. produce sales are based on processed extra virgin olive oil only
2. sale price assumption used is a \$4.50 per litre
3. yield extraction rate of oil from olive fruit used is 17%

Any increases or decreases to the above variables will either increase or decrease the overall profit to the combined Growers projects.

The below table shows the data used for each project and combined;

	Total trees as per allotment plans	Dead trees	Unviable trees	Total dead/unviable	Total viable trees	Trees per hectare	Total viable hectares
P1	34,040	896	681	1,577	32,463		
P2	52,160	3,039	1,043	4,082	48,078		
P3	43,125	958	863	1,821	41,305		
Sub-total P1-P3	129,325	4,893	2,587	7,480	121,846	250	487.38
P4	79,307	17,834	1,586	19,420	59,887	355	168.70
Total P1-P4	208,632	22,727	4,173	26,900	181,732		656.08
P5	64,236	21,610	6,424	28,034	36,202		
P6	48,442	15,327	4,844	20,171	28,271		
Sub-total P5-P6	112,678	36,937	11,268	48,205	64,473	353	182.64
Total P1-P6	321,310	59,664	15,440	75,104	246,206		838.72

Table – Financial Analysis Using Varying Assumptions

Combined projects	A	B	C	D
Water Availability	100% 3 / 10 Years	75% 3 / 10 Years	50% 2 / 10 Years	0% 2 / 10 Years
Produce Sales	\$7,533,886	\$5,650,415	\$4,897,025	\$941,736
Management Costs	\$1,852,612	\$1,702,364	\$1,361,389	\$1,030,472
Harvest Costs	\$838,720	\$754,848	\$629,040	\$419,360
Processing & Storage	\$2,122,291	\$1,591,718	\$1,379,489	\$265,286
Total Expenses	\$4,813,623	\$4,048,930	\$3,369,918	\$1,715,118
AGG Management Fee	\$536,781	\$536,781	\$536,781	\$536,781
Licence fees	\$200,000	\$200,000	\$200,000	\$200,000
Net Profit	\$1,983,482	\$864,704	\$790,326	-\$1,510,163
Net Profit Per Hectare	\$2,365	\$1,031	\$942	-\$1,801
Water Costs Assumptions	Net Return per hectare	Net Return per hectare	Net Return per hectare	Net Return per hectare
\$100 mgl	\$1,865	\$656	\$692	N/A
\$80 mgl	\$1,965	\$731	\$742	N/A
\$60 mgl	\$2,065	\$806	\$792	N/A
\$40 mgl	\$2,165	\$881	\$842	N/A

The analysis below combines the above information over a ten year period, assuming 100% water availability for 3 out of the 10 years, 75% water availability for 3 out of the 10 years, 50% water availability for 2 out of the ten years and 0% water availability for 2 out of the ten years.

10 year average	Net Profit Per Hectare (839 ha)	Total (Combined projects)
	\$847	\$710,396

Water Costs Assumptions	Net Return per hectare (839 ha)	Total (Combined projects)
\$100 mgl	\$535	\$448,715
\$80 mgl	\$597	\$500,716
\$60 mgl	\$660	\$553,555
\$40 mgl	\$722	\$605,556

The above calculations multiplied by the amount of hectares under irrigated management provide a pre-tax, net return on a combined project basis, after all associated management, production, harvesting and processing costs. The bottom four calculations are net returns per hectare (and combined projects) using varying water cost assumptions per megalitre.

RECOMMENDATIONS

Overview

Assuming normal seasonal circumstances as outlined in the 'Evaluation of Existing Grove Condition Overview, Water Availability', AGG assesses that water availability for projects 1 to 4 from the lagoon source should sustain approximately 180,000 trees, (assuming 3400 megalitres of water availability per annum). For project 5 and 6, AGG assesses that approximately 65,000 trees can be sustained from the south dam source (assuming 900 megalitres of water availability per annum). The balance of the trees will be either maintained on a dry land basis or removed, based on the commercial viability of harvesting and maintenance programs. The above calculations were made assuming 5 megalitres of water per hectare / per annum.

Tree Numbers

Under present circumstances with respect to olive production, it is only possible to produce oil due to the inability to access pickling facilities. Tree numbers will be reduced on the following basis;

- dead and unviable trees will not be replanted, i.e. project 1 to 4 estimated dead and unviable trees are 22,727 and project 5 and 6 estimated dead and unviable trees are 36,937. A total of 59,664 trees.
- live and viable trees in unviable areas (example short rows) will be removed, estimated to be approximately 15,440 trees. To leave these trees in situ without producing or being economic to harvest will increase management costs for maintenance including weed and pest control.
- specific varieties will be prioritised according to their age, potential yields of fruit and oil, and water availability
- Irrigation priority will be given to oil varieties over table fruit varieties and pending water availability, trees outside this scope will be maintained on a dry land basis, estimated to be around 15,000 trees.

Water and Service Agreement

Option 1

Purchase the facility from AOHL so that COGL owns the water, amenities and infrastructure. Assuming normal seasonal conditions the gross water allocation per annum would be 4,500 megalitres. In order to assess the value of this resource, consideration must be given to the following;

- The opportunity cost of the water – this water can only be utilised on this land, i.e. it cannot be temporarily transferred or sold downstream.
- Economic return – for example, related specific to olive production, i.e. 5 megalitres per annum per hectare will produce (x) kg olives.
- Inherent reliability of supply – for example, on a basis of (x) normal seasons in (y), the reliability of maximum supply would be (z)%.
- Amenities at valuation

AGG considers this option would increase the long term viability and value of the projects as it would reduce the risks associated with water supply, irrigation and infrastructure access.

Option 2

Re negotiate the water and services agreement with AOHL.

Huntley Group has control of P1 to 6 and in assessing the value of a future water and service agreement, it is now in a position of strength to renegotiate as the opportunity cost of the water is now totally reliant on all 6 projects that are under the control of Huntley Group. AGG recommends a structure of the water and services agreement as follows;

1. An infrastructure charge – Part A (a fixed cost relevant to a return on infrastructure, i.e. irrigation and amenities)
2. A water supply charge – Part B (a variable costs based on dollar charge per actual megalitre supplied)

AGG believes the following should be taken into consideration when negotiating;

- The opportunity cost of the water – this water can only be utilised on this land, i.e. it cannot be temporarily transferred or sold downstream.
- Economic return – for example, related specific to olive production, i.e. 5 megalitres per annum per hectare will produce x kg olives.
- Return on infrastructure investment – Part A charge depending on who is responsible for repairs and maintenance and the practical value placed on infrastructure.
- Return on Water Supply – Part B charge on actual supply only

Management

Australian Green & Gold Limited

Australian Green & Gold Limited is an unlisted public company acting as Responsible Entity and Manager to the Brooklyn Park Olive Groves projects. In the past, the Huntley Group has provided custodian services to AGG as responsible entity for the Brooklyn Park and Bonni Foi projects and hence AGG was recently commissioned by Huntley Group to take over management responsibilities for the Australian Olives projects. As a result of this relationship, and the respect held by the Huntley Group for the management ability of AGG

Experience

AGG has been the RE and Manager since 2000 at the Brooklyn Park properties and has extensive experience in olive grove management amongst its team. AGG has successfully developed over 500 hectares of olive groves over the last 8 years and has to date, shown timely returns to the investors in these projects. AGG is now at an economy of scale where it has vertically integrated into harvesting, processing and marketing for its managed projects and also offers these services to other olive groves within a 200 kilometre radius of Inglewood, with AO being within an 80 kilometre radius of these facilities. Peter Shakspeare is the Managing Director of AGG and carries out a 'hands on' role in the overall operational management of the Brooklyn Park and AO properties, as well as providing the strategic direction of AGG's groups of companies.

Location

AGG's head office is located in Paddington, Brisbane and the olive grove farm properties are located approximately 22 klm's west of Inglewood, (or 300 klm's west of Brisbane). The proximity to the AO projects olive groves is approximately 80 klm's, this proximity is a key advantage to the projects management costs. This close distance between the operations allows management to take advantage of leveraging farm equipment, harvesting equipment, staff and management, this is reflected in the reduced management costs associated with running the grove operations for the AO Growers.

Harvesting

AGG owns and utilises the most technologically advanced and available harvesting equipment, known as the Colossus and has access to experienced harvesting contractors.

Hence, AGG is able to facilitate the most economical harvesting arrangements for its own projects (Brooklyn Park and Bonni Foi) and other projects under its management.

Processing and Marketing

Once groves have been established, the most challenging task for management is to access efficient and economical processing facilities. AGG has commissioned for the 2009 harvest (currently in progress) a 7 tonne in-line Amenduni oil processor and has access to storage tanks to store the olive oil which is located at Inglewood, Queensland. Australian Green and Gold Olive Processing Limited has issued a prospectus and is currently in the process of raising capital from its Growers and the general public for further expansion of this facility to a second processing line and table olive pickling facility. The project will be completed in three stages and will be dependent on sufficient capital being raised. Full subscription to the equity raising will result in the development of the facility capable of servicing the Brooklyn Park and AO groves production for both oil processing and table fruit pickling. The close proximity to the AO groves provides an economical solution to AO Growers for the processing of their produce.

AGG (as part of this capital raising) will implement a strategic marketing program for both oil and table fruit. This approach is multiple layered and includes domestic, export and boutique strategies.

Fees

The financial analysis carried out for the purpose of this report is calculated on a user pay basis and a set annual management fee on a per hectare basis. It should be noted, that AGG has reduced its management fee by 20% in line with the reduced amount of area under management, assuming the recommendations from this report are implemented.

CONCLUSION

The following factors are the key drivers to the combined areas olive groves management success;

1. an economical water and services agreement can be negotiated allowing reliable access to irrigation infrastructure and water supply,
2. adequate funds are applied for present and on-going management costs
3. adequate facilities are available in close proximity for processing and storage of oil and eventual pickling of table fruit
4. management costs are reduced to a 'user pay' at cost basis as apposed to an annual set fee,
5. experienced management is retained with the ability to efficiently manage the grove

Assuming the above keys to success can be achieved, AGG believes the combined project olive groves have good potential to become a viable operation.

**ELECTION AND POWER OF ATTORNEY FORM
IMPORTANT NOTICE TO GROWERS IN AUSTRALIAN OLIVES PROJECTS
PLEASE READ, COMPLETE AND SIGN THIS FORM**

Before completing this Power of Attorney Form Growers should read in full the Australian Olives Projects 1-6 Combined Agricultural Report to which this Form relates. This Form must not be handed to any person unless accompanied by the Australian Olives Projects 1-6 Combined Agricultural Report.

If you are a Grower in any of the following Projects you **must** complete and sign this form.

- Australian Olives Project ARSN 093 217 139 (Project 1)
- Australian Olives Project No. 2 ARSN 085 515 788 (Project 2)
- Australian Olives Project No. 3 ARSN 091 051 437 (Project 3)
- Australian Olives Project No. 4 ARSN 096 215 342 (Project 4)
- Australian Olives Project No. 5 ARSN 103 920 190 (Project 5)
- Australian Olives Project No. 6 ARSN 107 866 259 (Project 6)

If you do not return this form properly completed and signed, it will be assumed that you wish to remain in the Project in which you are currently registered as a Grower

I/We am/are a Grower in the following Project(s) <i>(please tick relevant Project)</i>	No of Groves <i>(Insert the no. of Groves you own in which Project)</i>		I/We wish to terminate/continue my/our participation in the Project (s) <i>(please tick "Terminate" if you wish exit the Projects or "Continue" if you wish to continue your participation and retain ownership of your groves. NOTE – If you wish to terminate your participation you must also SIGN the Power of Attorney attached to this form or it will be assumed that you wish to remain in the relevant Project irrespective of what you have inserted in this form.</i>	
	Yes	No	Terminate	Continue (see above)
Project 1				
Project 2				
Project 3				
Project 4				
Project 5				
Project 6				

A. Complete full name (s) and details of Grower

Grower 1

Dr/Mr/Mrs/Miss/Ms _____
Surname/Corporate _____
Or Trustee Name _____
First Name(s) _____
Date of Birth _____
Email Address _____
Occupation _____

Grower 2

Dr/Mr/Mrs/Miss/Ms.....
Surname/Corporate.....
OrTrusteeName.....
FirstName(s).....
Date of Birth.....
Email Address.....
Occupation.....

B. Mailing Address _____

Mailing Address _____

C. Telephone:(Private) _____
(Business) _____
Facsimile _____

Telephone:(Private) _____
(Business) _____
Facsimile _____

D. Signature(s): _____

Date:

POWER OF ATTORNEY**(To be completed if you wish to terminate your participation in the project(s))**

1. This document together with the Australian Olives Projects 1-6 Combined Agricultural Report forms a binding agreement in the form of a deed between Huntley Management Limited ACN 089 240 513 (**HML**) and me/us as the Grower in the Project(s) specified on page 1 of this form (**Project**).
2. If I/we have elected to terminate our participation and that I/we do not wish to retain my/our ownership of my/our Grove(s) in the Project, I/we the undersigned Grower(s) in the Project, hereby irrevocably appoint HML and each of its directors and secretary separately as my/our attorney to do either one of the following at the absolute discretion of HML on my/our behalf:
 - (a) surrender my/our right title and interest in the Groves in the Project including without limitation:
 - the Grove Licence Agreement between me/us and Collective Olive Groves Limited ACN 079 354 742 (Administrator Appointed) (**COGL**) or any successor in title to COGL and the Grove Agreement between me/us; and
 - the Grove Agreement between me/us and HML;
 - growing crops; and,
 - any trading stock;
 - or,
 - (b) transfer my/our right title and interest in the Groves in the Project to any person whatsoever including without limitation:
 - the Grove Licence Agreement between me/us and COGL or any successor in title to COGL and the Grove Agreement between me/us; and
 - the Grove Agreement between me/us and HML;
 - growing crops; and,
 - any trading stock.
 - (c) do any act matter or thing or sign any document necessary to give effect to the matters referred to in this paragraph 2 or is incidental thereto;
3. I/We the undersigned Grower(s) in the Project hereby irrevocably appoint HML and each of its directors and secretary separately as my/our attorney to vote on my/our behalf on any resolution (whether ordinary, special or extraordinary) to be passed at a meeting of members of the Project necessary or incidental to give effect to the proposed restructure referred to in the Australian Olives Projects 1-6 Combined Agricultural Report including without limitation a resolution to amend the Constitution of the Project to permit pooling of olives between all of the Australian Olives Projects including the Project.
4. I/We hereby release HML, its officers, servants and agents from all and any liability arising out of or with respect to the Project and any act matter or thing done or omitted to be done in relation thereto.
5. I/We have entered into this deed of my/our own free will.
6. I/We have relied upon our own independent legal, financial and taxation advice with respect to this document.
7. I/We waive all rights and entitlements that we may have under the Constitution for the Project, the Licence Agreement and the Grove Agreement with respect to my/our Grove(s) and the Project.
8. I/We authorise and direct each of our duly appointed attorneys to complete any blanks on this documents including without limitation dating the same.

Dated:

If Grower is an individual sign here:

Signed Sealed and Delivered by the Grower
In the presence of:

(Signature of Witness)

Grower

(Name of Witness)

of if there is an additional individual second Grower to sign here

Signed Sealed and Delivered by the Grower In
the presence of:

(Signature of Witness)

Grower

(Name of Witness)

Or if Grower a company to sign here:

Executed by in accordance with section 127 of the
Corporations Act, 2001

Director (signature)

Director/secretary/sole director & secretary
(signature)

PLEASE PRINT NAME

PLEASE PRINT NAME

Our Ref: AJ
Your Ref:



22 April 2009

Huntley Management Limited
Suite 301, 3rd Floor
37 Bligh Street
SYDNEY NSW 2000

Attention: John Knox

Dear Sir

Australian Olives Project ARSN 093 217 139 (Project 1), Australian Olives Project No. 2 ARSN 085 515 788 (Project 2) and Australian Olives Project No. 3 ARSN 091 051 437 (Project 3), Australian Olives Project No. 4 ARSN 096 215 342 (Project 4), Australian Olives Project No. 5 ARSN 103 920 190 (Project 5) and Australian Olives Project No. 6 ARSN 107 866 259 (Project 6) – Taxation Report

We are instructed that the investors in the above Projects (**Growers**) are to be given the opportunity to exit the Projects either by way of a surrender or transfer of their interest in the Project (**Project Interest**) at the election of your company. A power of attorney is to be executed by a Grower appointing your company as attorney to give effect to this proposal.

We have been asked to provide a taxation opinion in relation to the following questions:

1. Will the surrender or transfer of a Project Interest by a Grower affect any deduction claimed by the Grower in an income year in which they were entitled to claim a deduction?
2. What are the income tax consequences to a Grower upon a surrender or transfer of a Project Interest?

The taxation effects upon a particular Grower may vary according to each particular Grower's own circumstances. Further this letter is a summary only of the position. We therefore recommend that Growers obtain their own independent professional advice and assurance as to whether the opinions expressed in this letter are appropriate for their own particular circumstances.

This Report is based on the provisions of the Income Tax Assessment Act, 1936 (ITAA 36), the Income Tax Assessment Act, 1997 (ITAA 97), public Taxation Rulings and available case law current as at the date of this Report. Income Tax legislation and the interpretation thereof and public Taxation Rulings are subject to change at any time. We have assumed for the purposes of this report that a Project Interest is not trading stock or a revenue asset. The Report also does not deal with the taxation effects of the disposal of any trading stock that forms part

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Email: ajessup@piperalderman.com.au

A handwritten signature in black ink, appearing to be a stylized name, located in the bottom right corner of the page.

To: Huntley Management Limited
Date: 22 April 2009
Our Ref: AJ
Page: 2



of a Project Interest.

Report

1. **Will the surrender or transfer of a Project Interest by a Grower affect any deduction claimed by the Grower in an income year in which they were entitled to claim a deduction?**

If a deduction was claimed by a Grower in accordance with the relevant product ruling for a particular Project these being:

Project 1	-	PR 2001/138
Project 2	-	PR 2001/139
Project 3	-	PR 2000/136
Project 4	-	PR 2001/66
Project 5	-	PR 2003/26
Project 6	-	PR 2004/7,

(including any addendum thereto) in an income year referred to in that ruling, then that claim for a deduction should not be affected by a surrender or transfer of the Grower's Project Interest. This is on the assumption that the relevant Project was carried out in the manner described in the relevant product ruling for that Project in the income year in which the deduction was claimed and in any earlier income year.

Although each of these rulings have been withdrawn, the relevant ruling continues to apply, in respect of the tax laws ruled upon, to all persons within the specified class who entered into the specified arrangement during the term of the ruling subject to there being no material difference in the arrangement or in a persons' involvement in the arrangement. The years in which a deduction could have been claimed pursuant to these rulings has now passed. Division 35 would now apply to defer any deductions to be offset in later years against profits from the activity or, if one of the tests in Division 35 is satisfied or the Commissioner exercises a discretion, against other income.

This is because the question of whether an amount is deductible in an income year is determined in the income year in which the amount is claimed as a deduction. The fact that a business may close down in a later year by itself does not affect whether or not an amount was correctly claimed in an earlier year.

2. **What are the income tax consequences to a Grower upon a surrender or transfer of a Project Interest?**

The surrender or transfer of a Project Interest is a respectively a CGT event C2 or A1. There are no capital proceeds given with respect to such CGT event. The market substitution rule therefore applies. The capital proceeds the purposes of determining whether there is a capital gain or a capital loss will be the amount of this market value.

A handwritten signature in the bottom right corner of the page.

To: Huntley Management Limited
Date: 22 April 2009
Our Ref: AJ
Page: 3



We understand that there will be a report by BDO Kendalls which will specify their opinion as to the market value of a Project Interest.

The Grower will make a capital gain if the market value of the Project Interest is greater than the Grower's cost base for the Project Interest. The Grower will make a capital loss if the Grower's reduced cost base is greater than the market value of the Project Interest.

The Grower's cost base and reduced cost base will not include any amount that the Grower has deducted or can deduct. It appears from the above Product Rulings that all of the Grower's expenditure on the acquisition of their Project Interest will by now have been fully deducted apart from the Grower's interest in the olive trees which are "horticultural plant". We are unable to comment on Projects 1 and 2 because the Product Ruling only deals with the non-commercial loss provisions. However for Projects 3, 4, 5 and 6, the Grower will have been entitled to deduct an amount with respect to the decline in value of this horticultural plant from the time the olive trees are first used for the purpose of producing assessable income or enter their first commercial season (depending on which Project the Grower is a member) at the rate specified in the relevant Product Ruling.

There may be some amount not deducted as yet which will then form part of the cost base and reduced cost base of the Project Interest.

Growers will have to seek their own independent taxation advice to determine whether or not they have made a capital gain or capital loss upon the surrender or transfer of their Project Interest.

The following is an example only and does not represent the actual position of any particular Grower:

Grower's reduced cost base (amount not deducted)	=	\$100.00
Market Value of Project Interest	=	<u>\$ 0.00</u>
Capital Loss	=	<u>\$100.00</u>

Yours faithfully
Piper Alderman

Per:

Alan Jessup
Partner