

OPERATIONAL MANAGER'S REPORT

AUSTRALIAN OLIVES

PROJECT 1 PROJECT 4
PROJECT 2 PROJECT 5
PROJECT 3 PROJECT 6

1 OCTOBER 2008 – 31 DECEMBER 2008



1. Introduction

I report below on matters to be considered by the Responsible Entity for Australian Olives Projects 1, 2, 3, 4, 5 and 6.

2. Activities for the quarter

As Operational Manager, the activities for the quarter are detailed below:

- A full reconciliation of the groves in Projects 1, 2 and 3 has been carried out that has estimated both dead and viable trees in all groves and the agronomic date of all groves. Details of the results will be included in the agricultural reports to be supplied to the Responsible Entity shortly.
- All projects (1 to 6) have been sprayed for lace bug and scale and subsequent inspections indicate both lace bug and scale are under control. All projects (1 to 6) have also been sprayed with herbicide to control weed growth in the tree beds. Slashing for weed control in between the rows has also continued.
- Good rains have been received during November and December 2008 and forecasts are for good rain in January 2009.
- As a result of early good rains, all groves have shown good vegetative growth and improved health which should show a good tree response in the 2009-2010 season.
- Production forecasts from the groves for the 2008-2009 season have been downgraded due to adverse seasonal conditions during flowering and fruit set. Hot dry strong winds up to 54 knots, combined with the lack of water, caused major damage to the flowering and subsequent fruit set.
- During August 2008, damaged groves were resurrected where possible to facilitate spraying for weed and disease control.
- All groves have been checked for bugs on a regular basis.

3. Workplace Health & Safety

A Workplace Health & Safety program has been implemented and is continuously monitored. There have been no accidents or incidents to report for the quarter.

OPERATIONAL MANAGER'S REPORT (continued)

4. Environment

Due to moderate to heavy rain events during November and December 2008, a significant amount of erosion has occurred to road ways. This problem will need to be addressed in the near future.

5. Condition of Grove

The good early summer rains and the lack of disease (lace bug and scale), combined with weed control and minimal fruit set has allowed the trees to rejuvenate after years of drought. The trees have shown good vegetative growth and grove overall is in good condition.

6. Water Outlook

No irrigation water is available due to a conflict between the Responsible Entity and the water provider. It is anticipated that a good to very good wet season will provide adequate water to maintain the trees in their present state.

7. Breaches

None to report this quarter.

8. Professional Indemnity Insurance

Current - renewed 4 April 2008.

Yours faithfully

AUSTRALIAN GREEN & GOLD LIMITED



**PETER SHAKSPEARE
MANAGING DIRECTOR**