



**Koonara Management
PTY LTD**

ABN 54 411 757 190

Rocky Castle,
Rocky Castle Road
Coonawarra
South Australia 5263
Ph 08 8736 3333
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6 November 2010

John H Knox
Managing Director
Huntley Management Limited
Level 3, 36 Bligh Street
SYDNEY NSW 2000

Dear John,

Coonawarra Wine Grape Project

I am writing to give formal notice of the funds owed to my company Koonara Management P/L (Koonara).

Attached to this letter is the fee calculation for the Huntley Management P/L (Huntley), fee entitlement, according to the terms of the agreement in place between Koonara Management Pty Ltd (Koonara) and Huntley, being the agreement dated 5 May 1999 between Koonara Management Pty Ltd and Australian Hardwood Management Limited, as it then was (**Management Agreement**).

I will follow this letter with another for the remainder amount that I am prepared to offer the investors to settle and exit their units. This will be on a without prejudice basis as it is at a considerable discount to the full amount owed and I reserve my rights.

Section 2 of the Management Agreement is also copied below and clearly states the fees that Huntley is required to pay Koonara.

Huntley Group - fee entitlement

Base Management fee			\$60,000.00
CPI Factor			
2001		135	
	2007	155.6	\$69,155.56
	2008	161.7	\$71,866.67
	2009	165.6	\$73,600.00
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			\$214,622.22
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Admin Fee			\$6,900.00
	2007		\$7,952.89
	2008		\$8,264.67
	2009		\$8,464.00
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			\$24,681.56
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GST			\$23,930.38
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Total fees			\$263,234.16
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- 2.2 The annual fee payable by the Manager to the Contractor after the period referred to in clause 2.1 shall be the aggregate amount of all fees or other monies received by (or on behalf of) the Manager under the Joint Venture Agreements (including any amount of goods and services tax recovered by the Manager from the Farmers) (except the lease contribution fee) less the sum per annum calculated in accordance with the following formula:

$$\$60,000 \times A/B$$

where A is the consumer price index all groups (Sydney) for the quarter immediately prior to the commencement of the year for which the fee is payable; and

B is the consumer price index all groups (Sydney) for the quarter ended 30 June 2001;

(but not less than the sum of \$60,000 per annum for the first year following the period referred to in clause 2.1 or less than the amount of the previous year in subsequent years) and \$30 per Participation per annum less any sale commissions paid by the Manager (provided the amount of any sale commission to be paid by the Manager is agreed to in advance by the Manager and Contractor).

- 2.3 The fee shall be payable to the Contractor by the Manager within thirty days of the Manager receiving an invoice from the Contractor.
- 2.4 The Contractor may, at its own cost and upon giving seven days written notice, inspect (by itself or by its agents) the books of the Manager for the purpose of verifying that the correct amount has been paid pursuant to clause 2.1.

Huntley income received	\$655,272.40
Huntley fee (June 2007 to Sep 2008)	\$263,234.16
Amount paid to Koonara in April 2008	\$150,000.00
Total owing to Koonara Management P/L	<u>\$242,038.24</u>

As stated in section 2 of the Management agreement you have 30 days to pay the account.

See attached invoice.

Yours sincerely

Burke Reschke
Managing Director