



THE HUNTLEY GROUP

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Dear Grower,

AUSTRALIAN OLIVES PROJECTS 4, 5 AND 6

As you are aware investors in the Projects 5 & 6 voted overwhelmingly to appoint us as to replace Australian Olives Ltd (AOL) as Responsible Entity on 18 March 2008. We were subsequently appointed to Project 4 on 29 April 2008. This appointment has been challenged by AOL and court proceedings were completed on 9 August with the verdict expected this week. Growers in Project 3 have called a meeting on 29 August 2008 to consider replacing AOL and meetings of Growers in Project 1 and 2 are expected to follow next month.

AOL have written to growers in Project 3 seeking their continued support, the letter contains falsehoods and misrepresentations. A copy of the letter and our response to a grower who provided it to us can be seen on our website.

Australian Olives Ltd has charged management fees in advance for the year ending 30 June 2008 and are required by law to account to us for the proportion of these annual charges from 19 March 2008 to 30 June 2008. Despite our numerous requests we have received nothing to date from AOL. Despite the fact that we had received no payment from AOL, we completed the harvest incurring costs in excess of \$100,000 and have incurred other substantial costs in managing the Project.

Our farm manager recently completed his assessment of Projects 4, 5 & 6 and these have been placed on our website, a copy will be provided upon request.

I believe growers have been providing the party for AOL and there needs to be a change in the way the Projects are structured and managed. As things stand, you are legally obliged to pay the current management fees for the term of the project and I believe investors have little hope of achieving any reasonable return on this basis.

We propose charging management fees at the current rate on a quarterly basis until we have resolved the best option for the future of the project and this will be concluded with agreement by a majority voice from growers. We need to charge this level of fees to cover the costs of dealing with the many issues we are now confronting. We, unlike the former Responsible Entity, charge a fixed annual fee which, added to the farm management costs charged by the farm manager, should equate to about 50% of the former charges. I do not see our involvement as a long term exercise, probably less than one year.

Options for the future include the termination of the Project. We could determine this as Responsible Entity on the grounds it cannot achieve its objectives. This would mean no further fees but would allow the prospect of recovering something from the sale of the property owned by Collective Olive Groves Limited, a company in which the Growers are shareholders.

To achieve this, we would need to be appointed to all six AO projects in order to represent approximately 75% of the ownership of the shares in the land owning company. We could then remove the AOL directors and appoint a board representing investors, the dog could then wag the tail.

The option of terminating the project is not good for those who have borrowed to purchase their interests as, regardless of who is the RE, they are committed to repay their loans.

If we were to privatise the project, I believe Australian Green & Gold Ltd, our farm manager, may consider operating it on a similar basis to their arrangements with investors in their project, Brooklyn Park and Bonnie Foi Olives, as follows;

1st harvest (or year 4 after planting) is 80% of Gross Harvest Proceeds
(ie GHP means all costs are paid for by the manager including harvesting and processing)
2nd harvest (or year 4 after planting) is 70% of GHP
3rd harvest (or year 4 after planting) is 60% of GHP
4th harvest (or year 4 after planting) is 50% of GHP
5th harvest and all ongoing harvests is 40% of GHP
(The % of management fees decreases each year as the yields increase and level out at year 9 for the term of the project.)

We are currently assessing the options project by project. The problem with this approach is how to share the water supply equitably. The most likely and best solution is to get all projects under our control and then convert them to a single project with a more appropriate water sharing arrangement. If this result could be achieved and we have enough water then we would resign and the investors could appoint the farm manager and their own representative board.

These options all have problems. Firstly we have to maintain what we have and, at the same time, offer investors in P1, 2 & 3 the opportunity to join us. The solutions are not easily or quickly determined and in the meantime we are dealing with a number of legal actions against AOL in relation to the water supply agreement, recovery of management charges for services and water not supplied in past years. We have sought assistance from a litigation funder who is well advanced in his evaluation of the merit of funding actions against AOL and has indicated a decision will be reached by 27 August 2008 when we are scheduled to meet.

We believe the Prospectus for P5 & 6 have not included all appropriate disclosures and these matters and other issues are currently being reviewed by the funder.

I had expected to report to all Growers earlier but delays in completing the agricultural assessment and with AOL deferring the original date for the court hearing has caused slippage. If we are successful in court, as expected, and the P3 meeting on 29 August 2008 votes in our favour, the other two projects should more quickly follow.

I hope you find this information useful and welcome your communication if you have any questions.

In the meantime many investors still have not paid their fees as per our earlier invoices and we would very much appreciate you doing so to enable us to meet the costs we are facing.

Yours sincerely,



John H Knox
Managing Director
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