

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional adviser.

The investment of money in the unlisted Shares of Australian Green and Gold Olive Processors Limited should be regarded as speculative.

PROSPECTUS

This Prospectus is dated 24 February 2009 and was lodged with ASIC on that date. ASIC takes no responsibility for the contents of this Prospectus. No New Shares will be issued pursuant to this Prospectus after the expiry date, which will be a date not later than 13 months after the date of this Prospectus. New Shares issued under this Prospectus will be issued on the terms and conditions set out in this Prospectus.

Before deciding to invest in the Company, potential investors should read the Prospectus in its entirety. The New Shares offered under this Prospectus should be considered speculative. The Company is at an early stage in its lifecycle and accordingly there are significant risks associated with investing in the Company. Potential investors should take these factors into account and consider whether this is an appropriate investment in view of their personal circumstances. Investors should seek advice from their professional adviser before deciding whether to invest. There is no guarantee that the New Shares offered under this Prospectus will provide a return on capital, lead to payment of dividends or that there will be any increase in the value of New Shares. There is a risk to investors of loss of capital they invest. Persons wishing to apply for New Shares must do so using the Application Form.

No person is authorised to give any information or to make any representation in connection with the Offer, which is not contained in this Prospectus. Any information or representation in relation to the Offer not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Offer.

The Offer made pursuant to this Prospectus is not made in any jurisdictions other than in Australia and New Zealand. This Prospectus does not constitute an offer in any place which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions other than Australia and New Zealand may be restricted by law, and persons who come into possession of the Prospectus should seek advice on, and observe, any such restrictions.

Any failure to comply with such restrictions may constitute a violation of applicable securities laws. It is the responsibility of all overseas Applicants to ensure compliance with the laws of any country relevant to their application for New Shares under this Prospectus. Residents of other jurisdictions should consider using Australian domiciled entities, including nominee companies affiliated with Australian broking firms.

Certain terms and abbreviations in this Prospectus have defined meanings that are explained in the Glossary to this Prospectus.

EXPOSURE PERIOD

Pursuant to the Corporations Act, this Prospectus is subject to an Exposure Period of seven days from the date of lodgement with ASIC, which period may be extended by ASIC by a further period of seven days.

The Exposure Period enables this Prospectus to be examined by market participants prior to the Company's raising of funds. The examination may result in the identification of deficiencies in this Prospectus. If deficiencies are detected, the Company will:

- (a) return any Application Monies that the Company has received;
- (b) provide each Applicant with a supplementary or replacement Prospectus that corrects the deficiency, and give the Applicant the option to withdraw the Application within one month and be repaid the Application Monies; or
- (c) issue to the Applicant the New Shares applied for in the Application, provide each Applicant with a supplementary or replacement Prospectus that corrects the deficiency and give the Applicant the option to withdraw the Application within one month and be repaid the Application Monies.

Application Forms received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period.

No preference will be conferred on Application Forms received during the Exposure Period and all Application Forms received during the exposure period will be treated as if they were simultaneously received on the Opening Date.

ELECTRONIC PROSPECTUS

The Prospectus may be viewed online at www.olivegroves.net or www.brooklynparkolives.com.au.

The Offer pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus within Australia and New Zealand. The Offer made under this Prospectus is only available to persons receiving this Prospectus in those jurisdictions. The Company is entitled to refuse an Application if it believes the Applicant did not receive the Offer in Australia or New Zealand.

There is no facility for online Applications. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must only access the Prospectus from Australia.

New Shares to which this Prospectus relates will only be issued on receipt of a hard copy (paper) Application Form issued together with the Prospectus.

Applications must be made by completing a paper copy of the Application Form. The Company will not accept Application Forms electronically.

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to a hard copy of this Prospectus or accompanies the complete and unaltered version of this Prospectus. During the Offer Period, any person may obtain a paper copy of this Prospectus free of charge by contacting the Company at PO Box 430, Paddington, Queensland 4064 or by telephone 07 3367 3667 (in Australia) or +61 7 3367 3667 (from New Zealand).

MISCELLANEOUS

Property and items displayed in photographs in this Prospectus are not necessarily assets owned by the Company. The inclusion of photographs supplied by persons or entities other than the Company does not constitute an endorsement or recommendation by those persons or entities of the New Shares offered under this Prospectus.

References in this Prospectus to currency are to Australian dollars unless otherwise indicated.

NEW ZEALAND COMPLIANCE REQUIREMENTS

Before making an Offer in New Zealand, the Company will have lodged with the New Zealand Securities Commission (**NZSC**) a written notice (in the prescribed form) of the Company's intention to make offers in New Zealand under section 73(1) (c) of the *Securities Act 1978* (New Zealand) and regulation 11 of the *Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008* (New Zealand).

NEW ZEALAND WARNING STATEMENTS

- (a) This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.
- (b) This Offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made.
- (c) There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.
- (d) The rights, remedies and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies and compensation arrangements for New Zealand securities.
- (e) Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.
- (f) The taxation treatment of Australian securities is not the same as for New Zealand securities.
- (g) If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.
- (h) The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to the changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
- (i) If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.



DIRECTORS

STEPHEN JOHN MORROW – INDEPENDENT CHAIRMAN
Peter Graham Shakspeare – Managing Director
Christopher John Castles – Non Executive Director
Oliver John Morgan – Non Executive Director
Natalie Paul – Executive Director /
Company Secretary

COMPANY

AUSTRALIAN GREEN AND GOLD OLIVE PROCESSORS LIMITED
ACN 131 824 907

REGISTERED ADDRESS

Level 1, 71 / 283 Given Terrace
PADDINGTON QLD 4064

PRINCIPAL ADDRESS

Level 1, 71 / 283 Given Terrace
PADDINGTON QLD 4064

INTERNET ADDRESS

www.brooklynparkolives.com.au

POSTAL ADDRESS

PO Box 430
PADDINGTON QLD 4064

MANAGER

AUSTRALIAN GREEN & GOLD LIMITED
ABN 55 084 417 845

REGISTERED ADDRESS

Level 1, 71/283 Given Terrace
PADDINGTON QLD 4064

PRINCIPAL ADDRESS

Level 1, 71/283 Given Terrace
PADDINGTON QLD 4064

INTERNET ADDRESS

www.olivegroves.net

POSTAL ADDRESS

PO Box 430
PADDINGTON QLD 4064

LAWYERS

MCCULLOUGH ROBERTSON LAWYERS

Level 11, Central Plaza II
66 Eagle Street
BRISBANE QLD 4000
Ph: 07 3233 8888
Fax: 07 3229 9949

AUDITORS

CRANSTOUN & HUSSEIN
Level 2, 102 Adelaide Street
BRISBANE QLD 4000
Ph: 07 3229 5100
Fax: 07 3221 6027



table of contents AND NEW ZEALAND WARNING STATEMENT

CORPORATE DIRECTORY	3
TABLE OF CONTENTS AND NEW ZEALAND WARNING STATEMENT	4
GLOSSARY OF TERMS	5
LETTER FROM MANAGING DIRECTOR	7
1 OFFER	8
2 COMPANY OBJECTIVES AND INVESTMENT HIGHLIGHTS	9
3 COMPANY OVERVIEW AND STRATEGIES	10
4 COMPANY'S MISSION STATEMENT	11
5 COMPANY'S KEYS TO SUCCESS	12
6 DIRECTORS AND MANAGEMENT STRUCTURE	13
7 IMPLEMENTING THE COMPANY'S OBJECTIVES	16
8 IMPORTANT DATES	18
9 THE OLIVE INDUSTRY	19
10 OLIVE PRODUCE PROCESSING	25
11 INDEPENDENT FEASIBILITY REPORT – OIL PROCESSING	32
12 SOLICITORS' REPORT	54
13 FINANCIAL INFORMATION	56
14 TAXATION	59
15 RISK FACTORS	60
16 ADDITIONAL INFORMATION	63
DIRECTORS' REPORT	68
APPLICATION FORMS AND GUIDELINES	69



\$ AUD or \$	Dollars in the currency of Australia. All amounts in this Prospectus are in Australian dollars unless otherwise stated
Applicant	A person or entity who submits an Application Form to acquire New Shares under this Prospectus
Application	An application made to apply for a specified number of New Shares offered by this Prospectus
Application Form	The Application for New Shares and the Direct Debit Authority attached to this Prospectus
Application Monies	The amount of money in Australian dollars payable for New Shares at \$1 each pursuant to the Offer
ASIC	Australian Securities and Investments Commission
Australian Green & Gold Limited, AGG or Manager	Australian Green & Gold Limited ABN 55 084 417 845
Australian Olives Projects 4, 5 and 6	Australian Olives Project No. 4, ARSN : 096 215 342 Australian Olives Project No. 5, ARSN : 103 920 190 Australian Olives Project No. 6, ARSN : 107 866 259
Board	The Board of Directors of the Company constituted from time to time
Brooklyn Park Olive Grove Projects	Means the olive grove project involving 5 stages of development on land at Cunningham Highway, Inglewood, described as Lot 62 on SP 119592 in the County of Marsh, Parish of Sands on which olive trees have been planted and which is managed by the Manager under Brooklyn Park Olive Groves Project ARSN 087 477 610 and the olive grove project involving 2 stages of development on land at Bosnjaks Road, Inglewood, described as Lot 26 on CP CVE 248 in the County of Clive, Parish of Tandan on which olive trees have been planted and which is managed by the Manager under Brooklyn Park Organic Olive Groves Bonni Foi Growers Project ARSN 120 021 776
Certified Organic	Recognition by the Biological Farmers of Australia that certification approval for production and processing of organic produce has issued after application has been made for organic certification
Company	Australian Green and Gold Olive Processors Limited ACN 131 824 907
Constitution	The constitution of the Company
Corporations Law or Corporations Act	Corporations Act 2001
Directors or Company's Directors	Directors of Australian Green and Gold Olive Processors Limited ACN 131 824 907
EVOO	A high quality grade of olive oil produced from the first crushing of olives, often referred to as extra virgin olive oil
Existing Shares	1,750,000 fully paid Ordinary Shares in the Company on issue at the date of the Offer, representing 20% of total Shares of the Company
Existing Shareholders	Persons holding Existing Shares
Exposure Period	The period of seven days after the date of lodgement of this Prospectus with ASIC, which period may be extended by ASIC by not more than seven days pursuant to Section 727(3) of the Corporations Act
Full Subscription	The raising of \$7,020,000 by the issue of 7,020,000 ordinary Shares at \$1 each pursuant to the Prospectus



glossary of terms

Harvest Season	Means for the Inglewood area, the months or period commencing around March and terminating around May in each calendar year
Issue	The proposed issue of New Shares pursuant to this Prospectus intended to be made to existing investors in the Brooklyn Park Olive Grove Projects and thereafter (subject to availability of Shares) to the public in Australia and New Zealand
Management Agreement	The agreement between Australian Green and Gold Olive Processors Limited and Australian Green & Gold Limited relating to the provision of management services
Manager's Directors	Directors of Australian Green & Gold Limited ACN 084 417 845
Managing Director	The person appointed as managing director of the Company
Minimum Subscription	The minimum raising of \$1,500,000 by the issue of 1,500,000 New Shares at \$1 each pursuant to this Prospectus
New Shares	Fully paid Ordinary Shares in the Company pursuant to the Offer
Offer	The offer of up to 7,020,000 New Shares pursuant to this Prospectus
Offer Period	The period from the Opening Date to the Closing Date
Offer Price	\$1 per New Share
Opening Date	The first date for receipt of completed Application Forms which is immediately after the expiration of the Exposure Period
Processing Facility Land	Means 9.15 hectares of land and the building at Browns Road, Inglewood, Queensland owned by the Company (subject to mortgage) described as Lot 10 on SP 114365 to be developed as an olive oil processing plant and olive pickling plant
Prospectus	This Prospectus
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A person holding a Share in the Company
Stage 1, Stage 2, Stage 3	Progressive stages of development associated with the Company's intended business of olive produce processing, marketing and sale of olive produce, described in section 3 of this Prospectus
Stage 1 Stand Alone Stage	The stage of the Company's development (expected, subject to raising Minimum Subscription) to be reached by 30 June 2011 where the business of olive oil processing using one processing line is expected to be profitable. If more than Minimum Subscription is raised then this stage could be reached sooner i.e. at earliest 30 June 2010.
Stage 2 Stand Alone Stage	The stage of the Company's development (expected, subject to raising of sufficient funds for Stage 1 and 2) to be reached by 30 June 2012 where the business of olive oil processing using 2 processing lines is expected to be profitable
Supply Agreements	Means agreements called Processing and Supply Agreements entered into referred to in section 16.7 of this Prospectus to ensure a supply of olives to the Company for processing
We / us	Australian Green and Gold Olive Processors Limited
You	The prospective investor in New Shares

Letter from the managing director



The Directors of Australian Green and Gold Olive Processors Limited (AGGOPL) are pleased to offer existing investors in the Brooklyn Park Olive Grove Projects (and others) the opportunity to expand their involvement with the olive industry into the vertical integration chain of processing, pickling and marketing of olive produce.

AGGOPL's Board, management and staff have had significant involvement in the development of the Brooklyn Park Olive Grove Projects.

AGGOPL is pleased to offer this exciting investment opportunity to become a Shareholder in Australian Green and Gold Olive Processors Limited (AGGOPL) which has been formed to process and market olive oil and olives grown by the Brooklyn Park Olive Grove Projects. This initiative will enable existing investors in Brooklyn Park Olive Grove Projects to invest in the secondary industry of food processing as an adjunct to their existing investment as olive growers. Existing olive growers can share in the benefits of value adding to their existing olive growing business operations into processing olive products and building markets and an organic extra virgin olive oil and table olive brand. For other investors, an investment in the Company offers the opportunity to be a shareholder in a locally based producer and seller of olive produce based on sound investment fundamentals which the Directors believe the Company offers.

The Directors consider that the Company is well positioned to make inroads into both the Australian domestic and international export market, adopting a multiple prong marketing strategy and brand launch, encompassing both bulk sale and brand development simultaneously into both markets.

AGG currently manages a total of over 1080 hectares of olive groves on behalf of investors in the Brooklyn Park Olive Groves Projects and the Australian Olives Projects 4, 5 and 6. AGG's Directors believe that vertical integration into processing, pickling and marketing will provide significant benefits and value adding for those investors by its specialised focus on olive processing of locally grown olives ensuring the most timely, efficient and effective results are achieved from EVOO processing and table olive pickling and by securing end produce marketing and value adding via brand development.

This new development along the value chain is also a natural progression for AGG's business, with benefits for AGG and its shareholders, its growers and investors. AGG has a motto: "An Investment For You and Your Family's Family", which AGG's Directors believes applies to the New Shares now offered.

Thank you for taking the time to consider investment into the next phase of business lifecycle and for considering being a part of a fully integrated, self sustainable boutique olive production, processing and marketing group of companies.

Yours faithfully

Peter Shakspeare
Managing Director
Australian Green & Gold Limited and
Australian Green and Gold Olive Processors Limited
23 February 2009





1. offer

For the issue of up to 7,020,000 New Shares @ \$1 per Share to raise \$7,020,000 (with a minimum subscription of 1,500,000 New Shares @ \$1 each to raise \$1,500,000). New shares may only be purchased in parcels of 1,300 shares with a minimum size holding of 2 parcels. New Shares will firstly be offered to existing investors in the Brooklyn Park Olive Grove Projects, having regard to their investment interest, but without limit on the number of New Shares that any such person might apply for, up to the amount sought to be raised. Subject to there still being Shares available after these parties have been offered New Shares, there will be an offer made to the public. The Directors reserve the right to receive oversubscriptions of up to \$1,000,000 representing 1,000,000 New Shares.

1.2 COMPANY OWNERSHIP

AGGOPL is an unlisted public company, with 1,750,000 Existing Shares and no other securities on issue.

The Existing Shares are held by Australian Green & Gold Limited ACN 084 417 845 (875,000) and Horticultural Developments Pty Ltd ACN 122 120 781 (875,000) and have been purchased at \$0.01 per share. As an incident of funds being lent interest free by Australian Green & Gold Limited and Horticultural Developments Pty Ltd to the Company, the Company decided to allot the Existing Shares at a notional sum of \$0.01 per share instead of at a value financially reflective of that arrangement.



*Brooklyn Park Olive Groves,
photograph taken November 2006*

1.1 MINIMUM SUBSCRIPTION

The Minimum Subscription needs to be raised by midnight on that date which is four months from the date of this Prospectus. If the Minimum Subscription is not raised by this time then, subject to the Corporations Act, the Directors shall refund all Application Monies to Applicants in full.

Under the terms of the Equity Stabilisation Deed mentioned in section 16.4, the separate holdings of Australian Green & Gold Limited and Horticultural Developments Pty Ltd are not to separately exceed 10% of all Shares on issue after the raising of funds under this Prospectus has terminated.



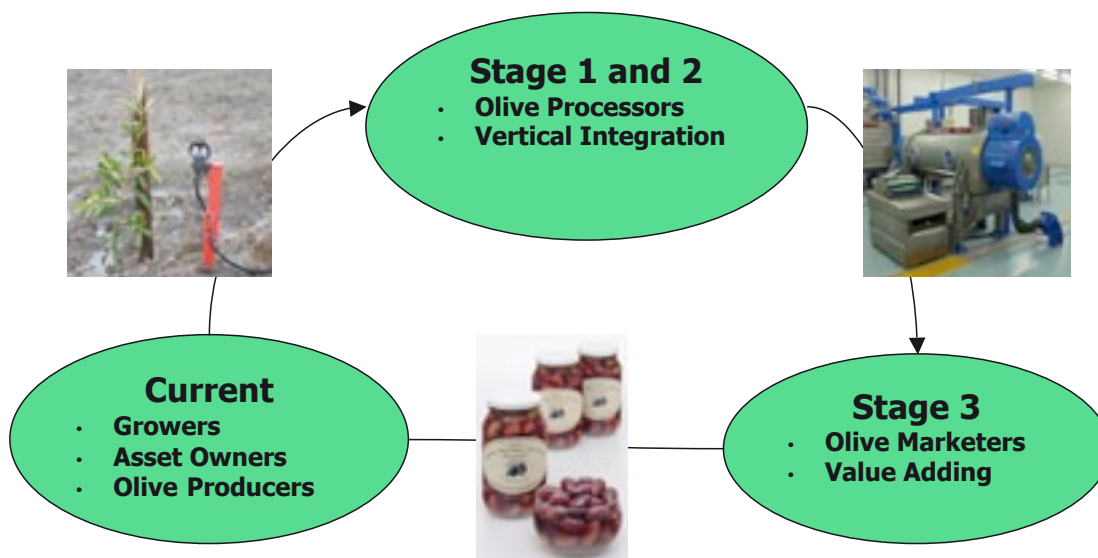
2. company objectives AND INVESTMENT HIGHLIGHTS



The Company's main objectives are to provide cost effective, quality and efficient processing services for olive produce and to implement a complementary wholesale and retail sales strategy. Branding, differentiation quality and reputation will be key in the Company's marketing strategy success.

Investment highlights which the Board believes are offered are:

- (a) a logical investment for olive growers where they can become shareholders of an olive produce processing company (AGGOPL) as a progressive step in adding an extra dimension to their existing investment in olive groves;
- (b) the opportunity to be involved in a new venture, located in the Inglewood district, in a growing industry producing olives where the Board believes there is a niche for a specialised processor to establish an olive produce processing business; and
- (c) the opportunity to be involved in the vision for AGGOPL where its activities are intended to extend beyond processing to branding, marketing and sale of olives produced so as to be a recognised and successful industry 'name' in the Australian olive industry.
- (d) to maximise opportunities to Growers through ownership of assets along the vertical chain of the olive growing, processing and marketing business. Existing Growers own (by virtue of their share or unit holding in the respective asset owning entities of Brooklyn Park Olive Groves Limited or Brooklyn Park Olive Groves Bonni Foi Property Trust), the land, water, olive trees and irrigation infrastructure upon which their olive trees are farmed. By offering ownership along the vertical chain the Board hopes to build a fully integrated, self sustainable, boutique olive production, processing and marketing group of companies that is owned by those who have participated in its building.



"An Investment for You and Your Family's Family"

The combined vision of the AGG and AGGOPL Boards is to build the group of companies simultaneously in producing, processing and marketing of olive produce, with the view to enhancing all assets that may be saleable into the future, for the benefit of its growers, shareholders and stakeholders.



3. company overview AND STRATEGIES

3.1 COMPANY OBJECTIVES

There are three major objectives to AGGOPL's business plan, of which one is immediate, one is medium term and one is of a longer-term nature. These objectives are classified into Stage 1 (immediate), Stage 2 (medium term) and Stage 3 (longer term) which are explained by reference to funding needs as follows:

Stage 1

The objective is to raise not less than \$1,500,000 (the Minimum Subscription) to be applied towards:

- (a) full payment of the mortgage debt owed to St George Bank Limited over the Processing Facility Land; **\$180,000***
The Processing Facility Land was acquired for a GST inclusive cost of \$330,000 under a contract where completion occurred in October 2008. The sum of \$180,000 was borrowed on interest only terms from St George Bank Limited. The interest rate applicable is 7.51% per annum. The principal borrowed is repayable on 30 June 2009. The amount of \$180,000* has been calculated without interest.
- (b) repayment of short term loan advanced by Australian Green & Gold Ltd towards the acquisition cost of the Processing Facility Land; **\$136,377**
A sum of \$136,377 was advanced as an interest free unsecured loan by Australian Green & Gold Limited (a company associated with the Directors) as a loan of part of the purchase cost and associated acquisition expenses (including stamp duty) of the Processing Facility Land. It is intended to repay this loan out of proceeds raised and these arrangements have been identified as acceptable by Australian Green & Gold Limited if minimum subscription funds are raised within four months of the date of this prospectus. If funds are not so raised, the loan becomes payable on demand.
- (c) cost of initial 7 tonne olive oil Processor **\$707,930**
The Company has taken delivery of a 7 tonne olive oil processor for a total cost (delivered to the Processing Facility Land) of \$707,930. The purchase funds have been lent, (interest free), jointly by Australian Green & Gold Limited and Horticultural Developments Pty Ltd on an unsecured basis. It is intended to repay this loan out of proceeds raised and these arrangements have been identified as acceptable by Australian Green & Gold Limited and Horticultural Developments Pty Ltd if minimum subscription funds are raised within four months of the date of this prospectus. If funds are not so raised, the loan becomes payable on demand.

- (d) Contribution to costs of minimum building improvements and renovations on Processing Facility Land (for olive oil production purposes), the Installation costs of 7 Tonne Olive Processor and the cost of ancillary equipment **\$664,361**

The total costs of minimum building improvements and renovations plus the cost of ancillary equipment has been calculated at \$664,361. Of that amount, \$475,693 will be funded out of the minimum subscription and the balance required of \$188,668 will be lent to the Company by Horticultural Developments Pty Ltd on interest free terms.

However, minimum subscription of \$1,500,000 and loan funds of \$188,668 will cover that expenditure.

TOTAL REQUIRED FOR STAGE 1: \$1,688,668

Stage 2

The objective is to raise (or utilise from funds earlier raised in excess of the Minimum Subscription) not less than \$2,000,000 to be applied towards:

- The purchase and installation of 2nd 7 tonne Olive Processor **\$690,000**
 - The purchase of further ancillary equipment **\$633,887**
 - Payment of balance of loan to Horticultural Developments Pty Ltd **\$188,668**
 - Working capital **\$487,445**
- TOTAL REQUIRED FOR STAGE 2: \$2,000,000**

Stage 3

The objective is to raise (or utilise from funds earlier raised in excess of the Minimum Subscription) not less than \$3,520,000 to be applied towards:

Working capital for expenditure on a wholesale and retail marketing strategy for:

- (a) the purchase and installation of a table olive pickling facility
- (b) olive oil produced by the Company, brand, development and trade mark registration for a 'Brooklyn Park' brand of certified organic extra virgin olive oil (**EVOO**); and
- (c) organic table olives for distribution through deli's, independent supermarkets chains, distribution channels and web based direct sales. Export opportunities will be sought in unison with developing a domestic market. Explore other opportunities for organic EVOO such as use in cosmetics, soaps, foods **\$3,520,000**

TOTAL REQUIRED FOR STAGE 3: \$3,520,000



4. company's mission statement



AGGOPL's mission is to service the olive produce processing needs of the Brooklyn Park Olive Grove projects and as well, to commercially exploit other oil produce processing opportunities for the Company within a 200 km radius of the Processing Facility Land, with a view to value adding to the primary production phase along the vertical chain into wholesale and retail marketing. The Company's model will offer existing investors in the Brooklyn Park Olive Grove Projects an opportunity to be involved in the building of a fully integrated, self sustainable olive processing and marketing business.

AGGOPL will be endeavouring to produce premium quality, certified organic extra virgin olive oil and olive table produce for domestic and export markets. AGGOPL hopes to maximise shareholder returns by offering quality processing services to surrounding olive producers, with a view to achieving as close as possible to 100% utilisation of the Company's plant and production capacity from the Processing Facility Land.



**Brooklyn Park Olive Groves,
5 year old trees, photograph
taken November 2006**



**The irrigation source,
'McIntyre Brook' for the
Brooklyn Park projects,
photograph taken November
2006**





5. company's keys to success

The Directors believe that there are five key elements to ensure success of the AGGOPL operations and marketing strategy:

- (a) Attracting and keeping quality, skilled labour for the operations of the processing facility in the rural area of Inglewood.
- (b) Maximising output (to machinery capacity) and cost containment of the processing operations to ensure competitiveness, whilst not compromising on quality (to achieve minimum of 16% oil extraction, which Directors believe is achievable, based on their knowledge).
- (c) Ensure quality, freshness and reputation is never compromised in order to attract other growers to engage AGGOGL for olive processing services.
- (d) Penetration into the wholesale domestic and export markets for EVOO, table olives and cosmetics.
- (e) Differentiation of retail (and wholesale where appropriate) product offering via diverse range of certified organic products, including brand development, packaging options, variety of table olives, oil varieties, and table olive by products such as tapenade.

Central to success is the involvement of the Directors and the Manager.

Peter Shakspeare, Managing Director of AGG, monitoring the grove at Brooklyn Park. Photograph taken November 2006





*The Australian Green and Gold Olive Processors Limited
Directors who are also directors of
Australian Green & Gold Limited.*

TURNING GREEN INTO GOLD....

"Your success is our success"

The Manager



A U S T R A L I A N
G R E E N & G O L D



6.1 THE COMPANY'S DIRECTORS AND MANAGEMENT STRUCTURE

The Company's Directors are Peter Shakspeare, Oliver Morgan, Stephen Morrow, Natalie Paul and Christopher Castles. Their profiles and knowledge are summarised below:



Peter Graham Shakspeare
(Managing Director)

B.VetSc

Peter graduated from the University of Queensland in 1976 with a Bachelor of Veterinary Science. Whilst consulting on the development of agricultural projects throughout the world, Peter has acquired extensive experience in pasture establishment, irrigation development and crop management. Over the last 15 years, Peter has developed Brooklyn Park into an irrigation property which supported cattle fattening, large scale lucerne production and cropping enterprises. Since 2000, Peter has been the Managing Director and CEO of Australian Green & Gold Limited and successfully developed and managed over 540 hectares of olive groves, being 5 stages at Brooklyn Park and 2 stages at Bonni Foi. Peter's extensive experience in agricultural projects both in Australia and internationally, and his intimate knowledge of olive production and local properties, make him the natural choice as the member of the Board directly responsible for the day-to day management of the Projects and the processing facility. In the course of his role with the management and operations of the Brooklyn Park Olive Grove projects, Peter has been exposed to and been involved in the operations of processing olives and the production of olive oil. Peter will draw on that experience in assisting Australian Green and Gold Olive Processors Limited.



Oliver (Sandy) John Morgan
(Non Executive Director)

*B. E. (Civil) UQ
B.A. (accounting)
Macquarie University*

Sandy Morgan is one of the founding Directors of Aurora Funds Management Limited, a company which commenced operations in Sydney three years ago and packages and distributes financial products throughout Australia. Before joining Aurora he had over 34 years experience in stockbroking, corporate banking and funds management. He has held numerous business development roles for local stockbroking houses, Pring Dean and Morgans, and local and international banks including National Australia Bank, Citibank, Sanwa Bank and the financial services company Challenger International. At Challenger, Sandy was responsible for the development and distribution of endowment warrants and other alternative/innovative products. Sandy brings to the Board of Directors a wealth of experience in the financial services sector.



Stephen Morrow
(Chairman)

B. Ag Economics, UNE

Steve was educated in Armidale, New South Wales achieving a Bachelor of Ag Economics from the University of New England and has focused his career primarily in high level management and CEO roles within the agricultural and financial services industry. Steve's past posts include:

Assistant Manager, QLD Graingrowers – grain marketing, 1980-1984.

Director Asian Marketing, Farmland Industries, Kansas City USA 1984-1985

Managing Director ConAgra International Australia – Sydney, 1985-1991 – trading and exporting grain

Managing Director ConAgra Wool, Melbourne 1991-1995 processing and exporting of wool

Managing Director Primac Ltd, Brisbane 1995-1998 – publicly listed pastoral business, absorbed by Elders in 1998

General Manager Agribusiness, Suncorp, Brisbane 1999-2003

Chief Executive, Golden Circle, Brisbane 2004-2006

Non-Executive Director, Gardener Smith Group, Sydney 2006 to Current

Steve brings a wealth of management, corporate compliance and strategic direction experience to the Board.



Christopher John Castles
FAICD CPA CFP

*BEng (Electronic),
Dip Man (Marketing),
Dip Bus (Accounting),
Dip FP*

Chris graduated from the Royal Melbourne Institute of Technology in 1985 with a Bachelor of Engineering degree and has since completed a number of post-graduate courses. He served as an officer in the Royal Australian Air Force in various technical and management positions until 1995 when he resigned to establish a financial planning practice in Ingham, North Queensland. He has served on the board of Professional Investment Holdings Ltd, the parent company of Australia's largest dealer group, since 1999, and more recently Ventura Investment Management Ltd, a funds management company. He brings to the board extensive experience in the financial services industry as well as business experience both in the Australian and international environment.



Natalie Paul
(Executive Director/
General Manager)

M.B.A., Griffith, MAICD

Natalie has completed her Masters of Business Administration at Griffith University and most recently became a member of the Australian Institute of Company Directors. Natalie's background stems from Administration, Compliance and General Management prior to branching out into sales and marketing within specialised industries, focusing primarily in the financial services industry. Natalie's company Business Development Marketing Pty Ltd provides General Management, Corporate Governance, Compliance and Distribution services to the Manager, Brooklyn Park and Bonni-Foi Agribusiness projects. Natalie's expertise in Corporate Governance, Administration and Distribution make her a natural choice as an Executive Director to the Board. In the course of her role with the management and operations of the Brooklyn Park Olive Grove Projects, Natalie has been exposed to the operations of processing olives and the production of olive oil. Natalie will draw on that knowledge in assisting Australian Green and Gold Olive Processors Limited.



7. implementing THE COMPANY'S OBJECTIVES

7.1 PROCESSING FACILITY LAND

AGGOPL has purchased an existing disused processing facility from Inglewood Olive Processors Limited (**IOPL**) for a purchase price of \$300,000 + GST, which is described as the Processing Facility Land in this Prospectus. The established building on the Processing Facility Land will need extensive upgrading in order to fulfil the needs of the Company's objectives. However there have been significant benefits in acquiring the Processing Facility Land, including cost and timing benefits. Existing permits including main roads, council approvals and environmental and town water permits should expedite the development process and keep costs and delays minimised.

All administration services will be outsourced to Australian Green & Gold Limited's (**AGG**) head office in Paddington Brisbane. Resources such as key management personnel and executive directors will be shared with AGG and charged on a user pay basis as a set annual percentage of time. AGG will be paid an annual management fee. The Company and AGG have entered into a Management Agreement (summarised in section 16.6). The Company believes that the cost of services provided is reasonable and on arm's length terms.

7.2 THE COMPANY'S PROPOSED PRODUCTS

The Company expects, subject to raising sufficient funds to complete the development of Stage 3 process by the end of calendar year 2015. By this time, olive oil processing should have reached a stage of 95% production.

The Company is aiming to have the capacity and supply to process and crush up to 5,864 tonnes of olives for olive oil in the 2015 harvest / crushing season resulting in expected production of around 1.3m litres of EVOO.

From the end of calendar year 2016, olive pickling operations should be at 95% capacity, the Company's capacity should enable production of up to 2,164 tonnes of pickled olives, ready (after a 12 months' pickling maturation process) for wholesale and retail sale from around the end of 2017 onwards).

Initiatives which the Company proposes and which are expected to assist in sales are:

- (a) marketing of a range of table olive (and sub products) and EVOO both wholesale and retail for the domestic and export markets;
- (b) the product range will be extensive in the table olive varieties including, Kalamata, Jumbo Kalamata, pitted Kalamata,

Manzanillo, (all available with a range of pickled options), sun dried olives, and olive tapenade;

- (c) the produce will be available in retail volumes up to 4 litre EVOO and from 500 grams to 2kg vacuum sealed table olive packs. The wholesale produce will be available in quantities ranging from 2kg up to 20kg drums of table fruit and 20 litre EVOO;
- (d) other product trials such as dried olives and fresh olive 'snack size' placed in bars, pubs and bottle shops will also be trialled.; and
- (e) both a certified organic and non organic version of produce are expected to form part of the product range.

7.3 ECONOMIC RATIONALE FOR COMPANY'S INVOLVEMENT IN OLIVE PROCESSING

The Directors, as common directors of AGG and AGGOPL have collectively had many years experience in the olive industry and food processing and marketing industries. (See section 6 for Directors' profile and experience.)

This experience has enabled them to identify the establishment and development of an olive processing facility in the Inglewood area as a prospective economic proposition, an opinion shared by Mr Leandro Ravetti, an independent consultant who was commissioned to provide a feasibility report on the establishment of an olive processing facility on what is called the Processing Facility Land (see section 7.1).

In developing this concept to the present project of a public company owning and operating an olive processing business with the end products of olive oil and table olives, the project recognises the Manager's business model of direct involvement in all stages from receipt of harvest produce to sale. The project has involved the Directors in careful analysis and application of factual data they have separately or collectively gathered arising from their involvement in relevant industries, particularly through their directorships in AGG which has acted as responsible entity of the Brooklyn Park Olive Grove Projects. The direct 'hands on' experience of the Directors Peter Shakspeare and Natalie Paul and the presence of historical data associated with the development of the Brooklyn Park Olive Grove Schemes has enabled the Directors to:



- (a) assess the tonnage of olives expected to be obtained progressively each year from 2009 over the Harvest Seasons, incorporating supply from Brooklyn Park Olive Groves Project and Australian Olives Projects 4, 5 and 6 (including trees developing to olive bearing stages) for both oil processing olives and table olives;
- (b) assess olive oil production capacity arising from processing of olives covered by the Supply Agreements in each year, commencing with the 2009 calendar year. The Supply Agreements in place reflect a stable source of commodity for oil production and table olive processing;
- (c) understand required equipment and procedures needed for olive processing as well as to develop an awareness of the capital cost of equipment in the market place and an understanding of regularly occurring maintenance and repair costs, based on AGG's past managerial roles;
- (d) assess the costs of olive oil production as well as the cost of production of table olives based on historical sale prices for olives sold from Brooklyn Park Olive Groves Projects and purchased by AGG and becoming involved in the assessment of oil processing costs and costs of processing table olives through AGG's role as manager; and
- (e) assess the prices attained (wholesale and retail) as well as the assessment of costs involved, wholesale and retail in the sale (wholesale and retail) of olive oil and table olives.

Data has been collated utilising the Directors' collective experience and knowledge in the above areas as a means of giving guidance to prospective investors on the Company's prospects should it raise the necessary funding contemplated for implementation of Stage 1, Stage 2 and Stage 3 up to the Completion of Stage 3.

The following general observations are made by the Directors having regard to the scope of their explained knowledge and experience and to the assumptions adopted in section 7.3.

The next two years

The Stage 1 Stand Alone Stage is expected to be reached by 30 June 2011 if Minimum Subscription is achieved. This stage could be earlier i.e. by 30 June 2010 if more than Minimum Subscription is raised.

Longer term observations

Assuming the Stage 2 Stand Alone stage is reached, the Company's business is best described as being a developed 2 x 7 tonne olive processing operation capable of processing up to 7,864 kilograms of olives per season. Stage 2 Stand Alone stage is expected to be reached by the financial year end 2012.

Assuming full subscription is reached, the Company will implement Stage 3 of the development process by the end of calendar year 2011 which incorporates the purchase and installation of a table olive pickling facility, with the capacity to pickle 2,262 kilograms of olives per season. Stage 3 will also provide for the implementation of a wholesale and retail marketing strategy.

The profitability of the Company cannot be assured after 31 December 2012. The Directors' believe that the Company is expected to be at full operational capacity by 31 December 2016. No reasonable assessment can be reliably made beyond this point because changes to market conditions, prices and other circumstances and factors beyond the control of the Company make projections unreliable.

7.4 ASSUMPTIONS ADOPTED

- (a) Installation of one seven tonne olive oil processor purchased on 12 February 2009 and purchase and installation of another seven tonne olive oil processor by 1 March 2012. Manufacturer's specifications for the types of machine to be purchased support the processing tonnage of olives to be processed considered feasible and acceptable by the Directors. The expected life of the equipment and suitability for the intended purpose has been affirmed by the manufacturer. Each processor incorporates a machine, boiler and pit remover.
- (b) Progressive purchase and installation of storage tanks, a weighing machine, other ancillary equipment and building additions: Total expected costs of \$495,000 (with 4% inflation increase factored in) expected to be spent up to the end of the calendar year 2014.
- (c) Initial processing of tonnage of olives delivered to the Processing Facility Land based on Supply Agreements in place and progressive yield increases coming on stream from the maturation should result in supplies from Brooklyn Park Olive Grove Projects (737 tonnes), Australian Olives

Stage 3, 4, 5 (500 tonnes) and with 500 tonnes to be processed for the Supply Agreement entered into with Barkworth Olives Limited. Statistically, 278,000 litres of olive oil is expected from a combined crushing of 1,737 tonnes involving historical invoice costs of \$300,000. Historical data from the Manager's role in the Brooklyn Grove Olive Projects indicates an achievable and not unrealistic yield of oil of (in litres) 16% per tonne of olives. Costs of staff, operational costs, administration and all overheads and sundry costs are expected, by comparison to historical costs of an equivalent nature to be \$239,300 pa. Initial production should therefore be expected to be profitable. However, depreciation of capital equipment will have a longer term impact on the Company's balance sheet.

based on Supply Agreements in place and progressive harvest yield increases coming on stream from tree maturations, should result in supplies from Brooklyn Park Olive Groves Project, and Australian Olives Stage 3, 4 and 5 expected to be 898 tonnes to be processed as pickled olives, involving an historical cost to an olive producer of approximately \$1,500 per tonne where the wholesale cost of olives purchased can be justified by past historical sale data of approximately \$3,340 per tonne. Gross revenue from the sale, even restricted to the wholesale level, should on this comparison, cover costs and provide a margin. However, the size of any margin raised by the Company will depend upon the broader factors explained in the subsequent paragraphs in this section.

- (d) Assuming full subscription is reached under this Prospectus, Stage 3 being the pickling of olives, is not scheduled to commence until the commencement of calendar year 2010. Initial processing of tonnage of olives delivered to the Processing Facility Land,
- (e) Interest on moneys which might be borrowed as part of Stage 1, Stage 2 or Stage 3 (other than through AGG and Horticultural Developments Pty Ltd) is intended to be met out of operating revenue.



8. important dates

Expected date from which Applications can be received	4 March 2009
Priority time given to investors in Brooklyn Park Olive Projects to submit their Applications expires	4 June 2009
Time at which Applications from the public will be accepted	5 June 2009
Time by which the Minimum Subscription needs to be raised by Applications then received	Midnight, 23 June 2009
Expected closure date of Offer for Stage 1 funding (assuming raising of Minimum Subscription) and continued raising of funds for Stage 2 and Stage 3	Midnight, 23 March 2010

The Directors may at any time, without notice, change these dates, including early closure or extension of the Offer period.



9. the olive industry



9.1 OLIVE INDUSTRY

Olive production has traditionally been dominated by Spain, Italy, Greece and Tunisia. As market acceptance of the olive and its multitude of uses has widened, so has recognition of the potential of olives as a cash crop.

This recognition has seen Western regions, notably California, Argentina and Australia, enter the world olive-production arena.

These countries have adopted modern agricultural techniques and management practices which, when compared to the more traditional methods utilised in some European countries, have resulted in increased yield and fruit quality (better productivity).

Source: <http://www.rirdc.gov.au/NewCrops/Contents.html>

9.2 THE HEALTHY ALTERNATIVE

All around the world people are turning to olive products as a healthy supplement to their diet.

Olive oil is rich in mono-unsaturated fats and contains no cholesterol. In Australia, the National Heart Foundation has recommended olive oil as a healthy substitute for the traditional vegetable oil and animal fats.

The health benefits of olives are being recognised throughout the world, with increased import requirements being recorded in Australia, America, Japan and even some Asian countries.

Source: <http://www.cooksshophere.com/products.html>



9.3 AGRICULTURAL REQUIREMENTS

Although olives are perceived as a 'hardy' crop, production of commercial quantity and quality requires fundamental ingredients:

- soil – well drained soil is an essential requirement. Heavy or poorly drained soils are likely to cause root rot, resulting in reduced yields, and in some cases, death of the Tree;
- climate – olive Trees require cool/cold winters and long hot summers in order to optimise flowering, fruiting and production; and
- irrigation – olive Trees are traditionally known for their drought resistance. Nevertheless, in order to produce a healthy yield, olive Trees at maturity, generally require good quality and reliable water.

9.4 THE AUSTRALIAN WAY

Australian primary producers have, in recent years, recognised both the potential of the olive industry and the suitability of certain regional climates for its production.

Over the last 15 years, industry development has been driven by a number of factors, including:

- growing market demand (domestic and international) for olive oil – national consumption has increased approximately 1.5% per annum over the past 25 years (Sweeney and Davies, 2003); and
- a perceived opportunity to replace imported olives and olive oils with Australian products – in 2004, the value of the imported product was approximately \$100 million (VOC).

To date, the domestic product base of the Australian olive industry has been based on small producers concentrating on the lucrative but small boutique market. A few larger producers have accessed the bulk supermarket chain markets.

Although small, the Australian industry is expanding. The Manager considers that in order to capitalise on this market the local industry will have to become centralised with respect to processing and marketing.

Source: Victorian Department of Primary Industries – Victorian Olive Oil Industry Overview, 2006.

9.5 OLIVE INDUSTRY OVERVIEW

Olive Oil is an international commodity. Development of a local industry must be considered in an international context. Australia has the climate, physical resources, horticultural infrastructure and expertise to support a modern olive industry.

Olives, particularly for oil production, have become a substantial horticultural industry based on existing domestic demand and potential for the development of the export market.

Source: <http://www.rirdc.gov.au/NewCrops/Contents.html>

9.6 THE HISTORY OF THE OLIVE

The Olive was a native to Asia Minor and spread from Iran, Syria and Palestine to the rest of the Mediterranean basin 6,000 years ago. It is among the oldest known cultivated trees in the world - being grown before the written language was invented. It was being grown on Crete by 3,000 BC and may have been the source of the wealth of the Minoan kingdom. The Phoenicians spread the olive to the Mediterranean shores of Africa and Southern Europe. Olives have been found in Egyptian tombs from 2000 years BC. The olive culture was spread to the early Greeks then Romans. As the Romans extended their domain they brought the olive with them.

In the past several hundred years the olive has spread to North and South America, Japan, New Zealand and Australia.

Source: www.oliveoilsource.com

9.7 THE HISTORY OF OLIVES IN AUSTRALIA

It is reported that George Suttor introduced the first olive tree to Australia at Sydney in 1800. Experimental groves were subsequently established in New South Wales, South Australia and Western Australia. By the mid-1800's colonial industrialists such as Sir Samuel Davenport in South Australia was promoting olive oil production as a valuable industry for the fledgling colonies. Large plantings were established in Victoria and South Australia and a South Australian olive oil received an honourable mention at the Great Exhibition of London of 1851 (Burr, 1998).

Interest in olive production continued to the early 1900's when L. MacDonald, writing at Dookie, records a range of information, gained from the early experimental groves, that is still relevant today (Burr, 1998). Over the following decades however there was a decline in the performance and prospects of the industry. Large plantings in Victoria did not live up to expectations. In South Australia the extensive groves in the eastern and southern suburbs were forced out by urban expansion or declined in World War I and the Great Depression. The main problem was the relatively high costs of picking the olives in

Australia compared to the cheap labour available in the Mediterranean countries (Spennemann and Allen, 2000). Small pockets of groves and some extraction plants continued to operate and these were added to by the second wave of European settlers after WWII.

There has been a renaissance in the Australian olive industry from the early 1990's, primarily due to the increased popularity of Mediterranean cuisine and opportunities for import replacement of over \$100 million of olive products. There is optimism from the Australian olive industry that this latest expansion will succeed due to the advent of mechanized olive harvesting and the subsequent ability to be more competitive with producers from Mediterranean countries.

Source: <http://www.rirdc.gov.au/pub/olive5yr.htm>

9.8 PRODUCTION REQUIREMENTS

The Olive originated in the Mediterranean region and will grow well in areas of Australia with similar climate – cool, wet winters and warm, dry summers. They will produce in others areas as long as they have the correct chilling requirements (winter temperatures fluctuating between 1.5 degrees C & 18 degrees C) and summers long and warm enough to ripen the fruit.

The shaded areas on the map show regions in Australia with similar climatic regimes to traditional olive growing areas in Europe. There are other areas not indicated on the map where olives are grown successfully. However long-term economic viability is yet to be determined.

Areas in Australia with similar climate to that of the Mediterranean Regions

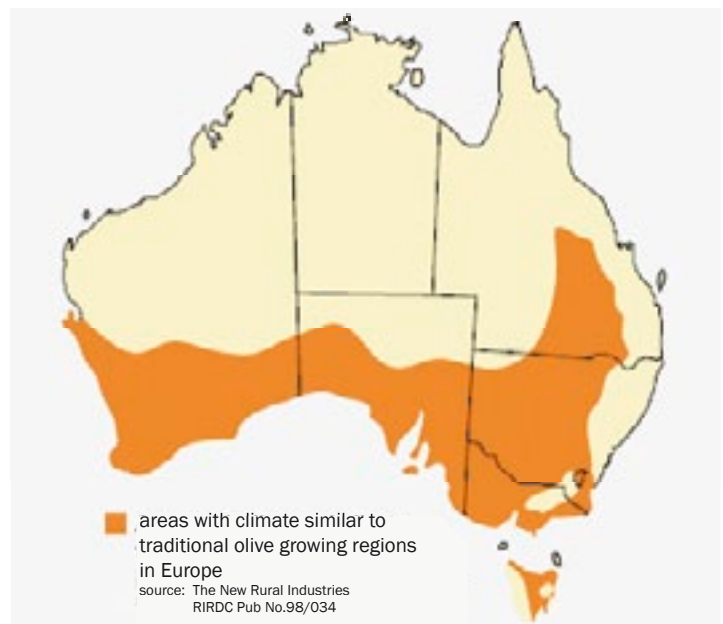


Figure 1 Australian olive growing regions

Source: <http://www.rirdc.gov.au/NewCrops/Contents.html>



9.9 GROWING REGIONS IN AUSTRALIA

In Australia, the main growing regions are the Murray River region of north west Victoria and south west New South Wales, central Victoria, Darling Downs Region of south east Queensland, Riverina Region of south eastern New South, Gwydir River Region of northern New South Wales, Gingin, north of Perth and south west of Western Australia.



Figure 1 Australian olive growing regions

Source : <http://www.ausagrigrp.com.au>

9.10 CLASSIFICATION OF OLIVE OIL

Virgin Olive Oils

Virgin olive oil is obtained from the fruit of the olive tree by mechanical or other physical means that do not lead to deterioration of the oil. It does not undergo any treatment other than washing, decantation, centrifugation, and filtration.

Two grades of virgin olive oil are available to retail consumers:

- (a) **Extra Virgin Olive Oil** – Free acidity not more than 1%, no sensory defects, median score for fruitiness greater than 0.
- (b) **Virgin Olive Oil** – Free acidity of not more than 2%, a median score for defects of not more than 2.5, greater than 0 for fruitiness.

Olive Oil

Free acidity of not more than 3.3%, median defect score between 2.5 and 6, or less than 2.5 if fruitiness is 0.

Source : http://savantes.com/OliveHandbook/Markets/olive_oil_standards.htm and <http://www.cooksshophere.com/products>.

9.11 HEALTH BENEFITS

Choosing extra virgin olive oil as your main source of dietary fat, combined with eating a healthy diet that is high in plant foods, may reduce your risk of cardiovascular disease and diabetes. Moderate amounts of olive oil may also reduce abdominal fat, if eaten as part of a diet high in plant foods.

Olive oil in the Mediterranean diet

In the 1960s, it was found that the people of Greece (Crete) consumed a great deal of salt and fat (but also a lot of plant foods). They were living longer than the Japanese, who were also eating a lot of salt but whose diet was low in fat and lower in plant foods.

The people of Crete lived longer because they had lower rates of stroke, stomach cancer, heart disease and other cancers. Researchers also noticed that people living in countries around the Mediterranean had a lower incidence of heart disease, despite their high intake of mono-unsaturated fats, such as olive oil. This led to investigations into what is known as 'the Mediterranean diet', of which olive oil is a major part.

Source – http://www.disability.vic.gov.au/bhcv2/bhcarticles.nsf/pages/Olive_oil?open

Research supports the health benefits of olive oil

Recent studies into the health benefits of olive oil have found that it can lower the risk of coronary heart disease by reducing blood cholesterol levels. According to one study, a person's risk of fatal heart attack is halved in just two to four years once they switch to 'the Mediterranean diet', which includes using olive oil as the main dietary fat, increasing vegetable intake, and limiting meat and dairy foods. Research has also found that olive oil may influence body fat distribution, with less fat stored around the stomach.

Source – http://www.disability.vic.gov.au/bhcv2/bhcarticles.nsf/pages/Olive_oil?open

9.12 INTERNATIONAL SUPPLY AND DEMAND

The European Community contributes a huge 67% of the world's olive production (Figure 2). Within the EC are the three leading producer countries, Spain, Italy, and Greece, which accounts for 30%, 21%, and 15% of world production respectively. Other leading producing nations include Turkey (12%), Syria (6%) and Morocco (3%), with Australia having a minor role in world olive production accounting for just 0.01% (Figure 2).

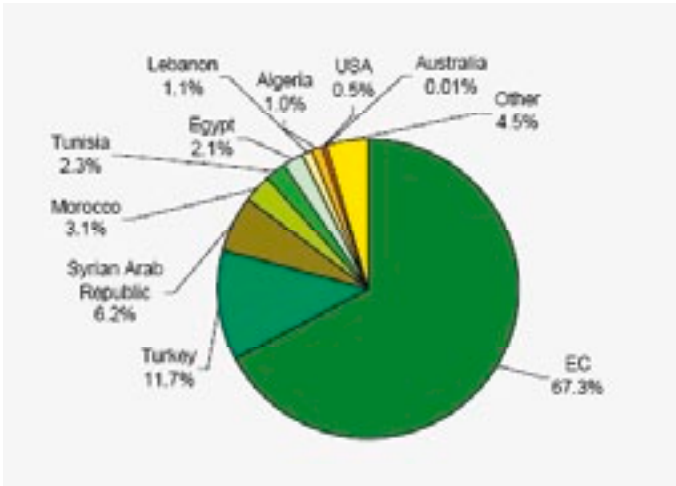


Figure 2 Major olive producing countries by proportion of production during 2004

Harvest Levels in world olives have remained relatively steady over the last nine years, after a strong increase in the mid-nineties. Average production for the previous five years was at 15.6 million tonnes per annum (Figure 3).

World olive oil consumption and production trends have been closely aligned for the past fourteen years, with world production outstripping world consumption in 2004/5.

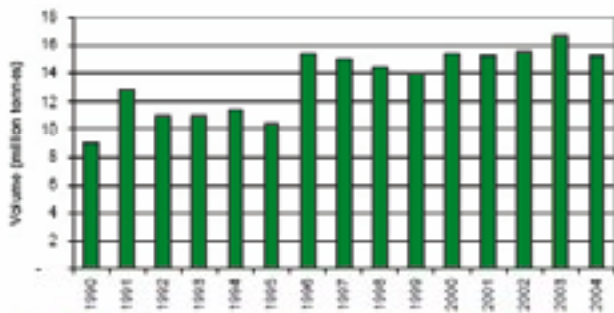


Figure 3 World raw olive production 1990 to 2004

World olive oil production in 2004/05 was 2,839,000 tonnes, down by 10% on record harvest of 2003/04. This lower production level is due to the negative impact of the biennial production in the leading producer region, the EU.

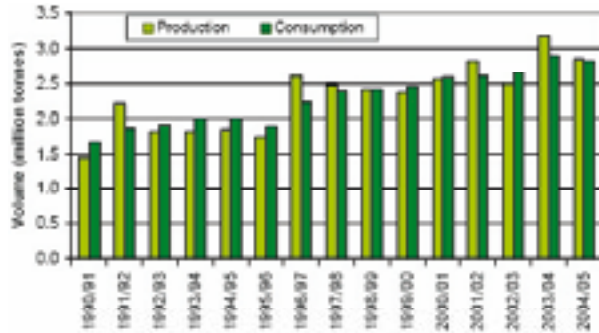


Figure 4 World olive oil production and consumption from 1990/91 to 2004/05

The worldwide promotion of olive oil as a healthy alternative to other oils and continued interest in Mediterranean cuisine has resulted in world olive oil consumption increasing by over 41% in the past decade (Figure 4).

World trade in olive oil has increased significantly in the last decade with over 659,500 tonnes imported in 2004/05, representing a 122% increase on 1995/96 figures. As evidence in Figure 5, the USA is the single largest importer of olive oil with the EU not far behind accounting for 35% and 33% of world imports respectively. Other major olive oil importers include Japan and Australia, where growth in imports is apparent.

In these countries imports have doubled in the past decade as consumer demand intensifies (Figure 5).

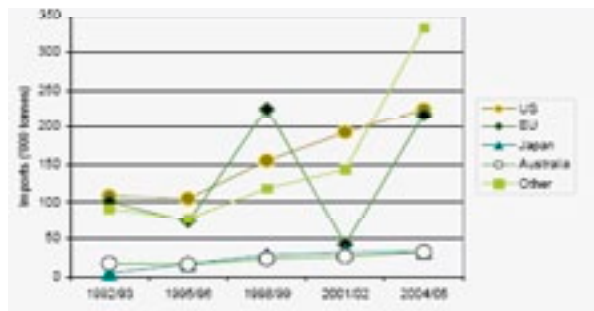


Figure 5 Major importing countries of olive oil from 1992/93 to 2004/05 ('000 tonnes)

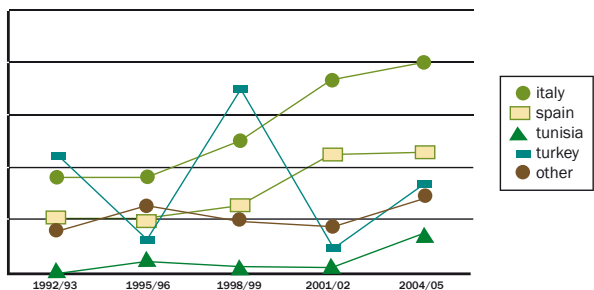


Figure 6 Major exporting countries of olive oil from 1992/93 to 2004/05 ('000 tonnes)

The largest producers of olive oil in Italy and Spain remain the dominant exporter of olive oil, together accounting for over 50% of world olive oil exports (Figure 6). Unlike other major exporters in Tunisia and Turkey, export figures from Spain and Italy have consistently increased in the past decade suggesting more reliable production levels in these countries.

The 2004/05 harvest saw world imports at 639,000 tonnes and world exports at 581,500 tonnes. This situation with imports larger than exports indicates a lowering of world stocks, leading to an overall healthier position for the industry.

Although the majority of olives grown throughout the world are used to produce olive oil, table olives account for 10% of production. These olives are used for food ingredients or for consumption as a whole fruit.

In 2004/05, world production of table olives recorded a slight increase on the previous year at 1,639,500 tonnes (Figure 7). Consumption although slightly down on the previous season, has been growing consistently in recent years, due primarily to the fact that when a country has a bumper season, the extra product is generally consumed immediately, leading to seasonally low prices. Consumption has also risen due to increased product familiarity, better presentation, enhanced quality, population growth and consumers gaining higher purchasing power.

A total of 451,000 tonnes of table olives were exported in 2004/05. Of this, Spain dominated exports, accounting for 44% of trade, with other notable exporters being Morocco and Turkey. As with Olive oil, the USA dominates the imports of table olives with 37% of the market, followed by the EU and Brazil.

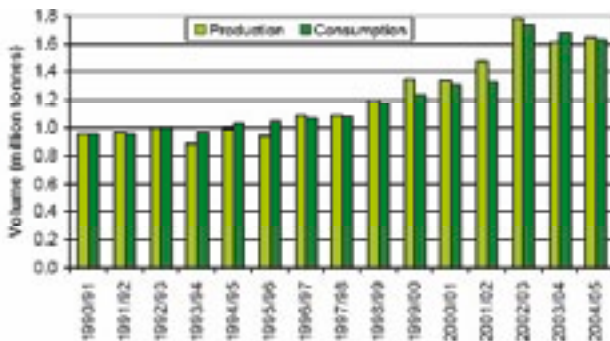


Figure 7 World table olive production and consumption from 1990/91 to 2004/05

Due to the increased world olive oil and table olive production, it is imperative for the industry to expand their consumer base in both producer and non-producer countries. This will involve continuing to improve the quality of production

while simultaneously strengthening a consumption promotion policy, where all parts of the production chain are decisively involved.

Australian Supply and Demand

For a number of reasons, Australia has seen a large increase in interest for the olive production as an agribusiness venture including a large rise in domestic demand for olive products. In addition, the advent of mechanized olive harvesting has initiated the subsequent ability for Australian producers to become more competitive with producers from the Mediterranean. Production of olives reached 4,500 tonnes during 2004/05, a massive increase of 800% for 1999/00 production figures. It is predicted by some industry experts that Australian olive oil production figures will increase significantly by the end of the decade to some 30,000 tonnes.

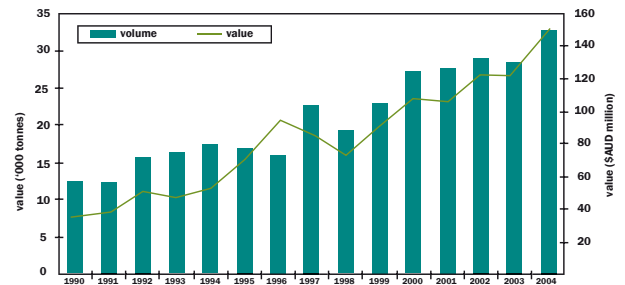


Figure 8 Australian imports of olive oil by volume from 1990-2004 ⁴⁵

Because of Australia's small olive oil production, it is a net importer of olive oil. During 2004/05, Australia's consumed 35,500 tonnes of olive oil. With Australia currently only exporting 500 tonne of olive oil to the world market, Australian imports were 31,000 tonnes in 2004/05 satisfying consumer demand. As consumers preferences for olive oil has increased, consumption and hence imports have been steadily rising over the past 14 years, with record imports in 2004 (Figure 6).

Increasing by 68% in the past decade, Australian olive oil imports are currently worth over \$AUD140 million. As is observed in Figure 8, growth recorded in import value has been following a similar path to that of the volume over much of the past decade. With Australia's ability to supply much of Australia's demand for olive oil increasing in the future, its expected that volume of olive oil imports will substantially decrease.

There has been substantial growth in both the volume and value of exports over previous years (Figure 7). However, even with sharp growth in recent times, Australian olive oil and table olive exports continue to have an insignificant effect on a global scale, accounting for less than 0.01% of total world exports.





Figure 9 Australian exports of olive oil by volume and value from 1990-2004 ⁷

As both domestic production and world demand become more immediate issues for the Australian olive industry, Australian production and particularly exports of olive oil must continue to increase in the near future. It is estimated by 2010 that Australian olive oil production will be at least 30,000 tonnes, thus there will be enough olive oil produced within Australia to meet current domestic consumption needs.

One major advantage the Australian Olive Industry has, is its potential ability to be able to market significant volumes of organically grown products, at premium prices, due to low levels of pests and diseases present, particularly in the drier areas.

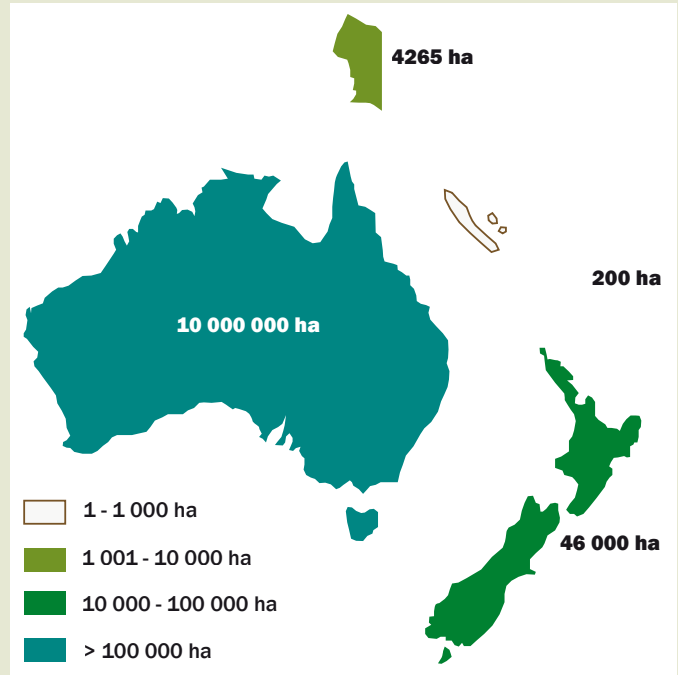
Source – <http://www.ausagrigrp.com.au> (all footnotes appearing in the figures in this section 9.12 can be found in this source).

9.13 THE ORGANIC INDUSTRY

The global organic agricultural industry is expanding, though the rate of growth is gradual. The regional markets are gaining a lot of popularity. More than 560,000 farms in more than 108 countries are currently certified. Millions of people are involved in the production, processing and distribution, marketing organic food products and drinks. The numbers of people demanding organic foods are steadily increasing. This has led to enhanced biodiversity and environmental protection along with high income generation for the people who are catering to the increasing demands.

With Global revenue surpassing twenty-five billion dollars annually, organic agriculture is a highly visible and rapidly growing component of agriculture production

Currently in Australia there is believed to be around 10 million hectares of land under organic agriculture spread across 2000 farms.



Source: The World of Organic Agriculture Report, International Federation of Organic Agriculture, 2004.

The Australian organic food industry is booming; it is currently worth around \$200–\$250 million per year domestically and a further \$50–\$80 million per year in exports with an expected annual growth of up to 60 per cent. Consumer demand is growing at a rate of 20–30 per cent per year, with retail sales increasing 670 per cent between 1990 and 2001–02.

[http://www.disability.vic.gov.au/dsonline/dsarticles.nsf/\(Pages\)/Organic_food?Open](http://www.disability.vic.gov.au/dsonline/dsarticles.nsf/(Pages)/Organic_food?Open)



10. olive produce processing



10.1 DEVELOPMENT OF PROCESSING FACILITY LAND

The site purchased being the Processing Facility Land, was purchased from Inglewood Olive Processors Limited. This site was previously used for the purpose of processing olives into olive oil. The site has an existing building, roads and waste water dam and includes access to 3 phase power and town water. The below photograph is of the existing facility taken on the 12th February 2009 when the Stage 1 processing equipment was delivered ready for installation to the site.

AGGOPL will undertake upgrades to the existing facility to meet requirements for the completion of the Stage 1 development to facilitate processing for the 2009 harvest. Further upgrades to the buildings, land surrounds and installation of further equipment will be undertaken to reach full EVOO and table olive processing as depicted in the below diagram.

Details of the development of the oil processing and table olive pickling facility are;

1. Stage 1 includes the installation and operation of one 7 tonne in line processor;



2. Stage 2 includes the installation and operation of a second 7 tonne in line processor;



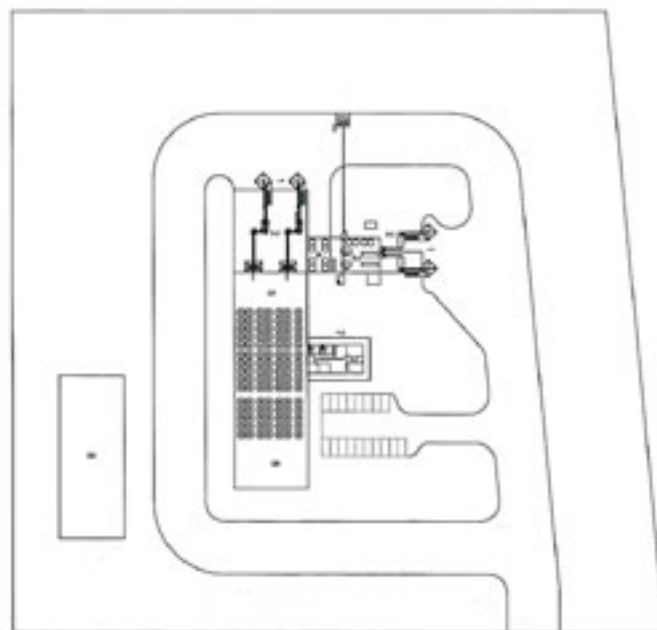
Photographs above are taken by Peter Shakspeare in November 2007 and are of an olive oil processor similar to the one purchased by the Company.

3. Stage 3 includes the installation and operation of a table olive pickling facility;



Photograph taken by Peter Shakspeare in November 2007 of olive pickling facility.

The below diagram depicts the processing facility inclusive of Stages 1, 2 and 3, this assumes full subscription of New Shares has been met;



LEGEND – OLIVE PROCESSOR

1. Olive Reveal Area
2. Olive Washing
3. EVOO Processing
4. Olive Oil Storage
5. Table Olive Processing
6. Table Olive Final Processing
7. Administration
8. Waste Management

This diagram was prepared in February 2009 by the Company after consultation with an industry expert.

10.2 OLIVE PROCESSING

Definition of the Generic Process

Virgin olive oil is obtained from the olives solely by mechanical or other physical means under conditions, particularly thermal conditions, which do not lead to deterioration of the oil. It has not undergone any treatment other than washing, crushing, preparation of the paste, separation of the solid and liquid phases, settling and / or centrifugation, and filtration.

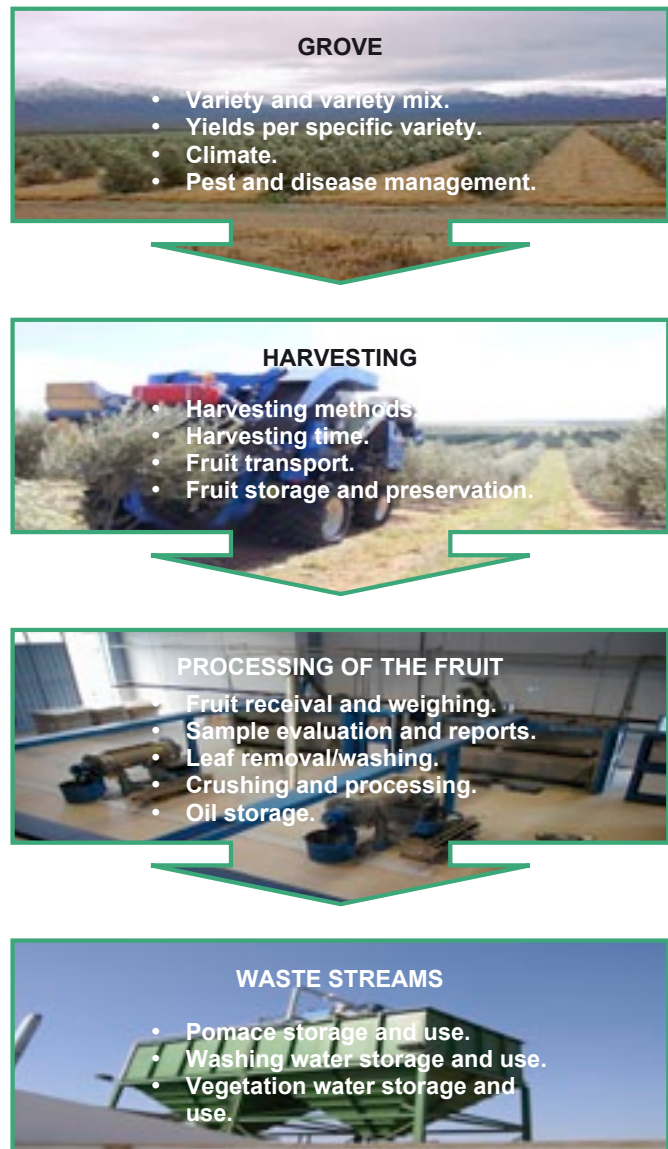
Virgin olive oil is therefore the oily juice of a fruit: the olive. It is virtually the only oil that can be consumed as it is obtained from the fruit and when properly processed maintains unchanged the flavour, aroma and nutrients that the oil had when still in the olive.

It is evident that the quality of olive oil is born in the field due to the combination of environmental factors like climate and soil, genetic factors according to the varieties and agronomic aspects linked with cultural practices. Quality is already existent in the olive fruit and the subsequent acts of harvesting, transport, storage of the fruit, processing, settling, storage of oil, filtration and bottling can individually or together result in the addition of defects and consequently lowering of oil quality.

The environment, the variety and all those cultural practices that ensure the grower will produce well-developed and healthy fruit, will certainly provide the opportunity to produce oil of the highest quality.

It is well documented that regarding olive oil extraction, quantity is not incompatible with the quality. This is to say that it is possible to obtain heavy crops and oils of quality with the appropriate management techniques. Only under extreme situations of exceptionally heavy crops, the fruit will be poorly developed or their maturity will be abnormally delayed and these aspects can affect quality.

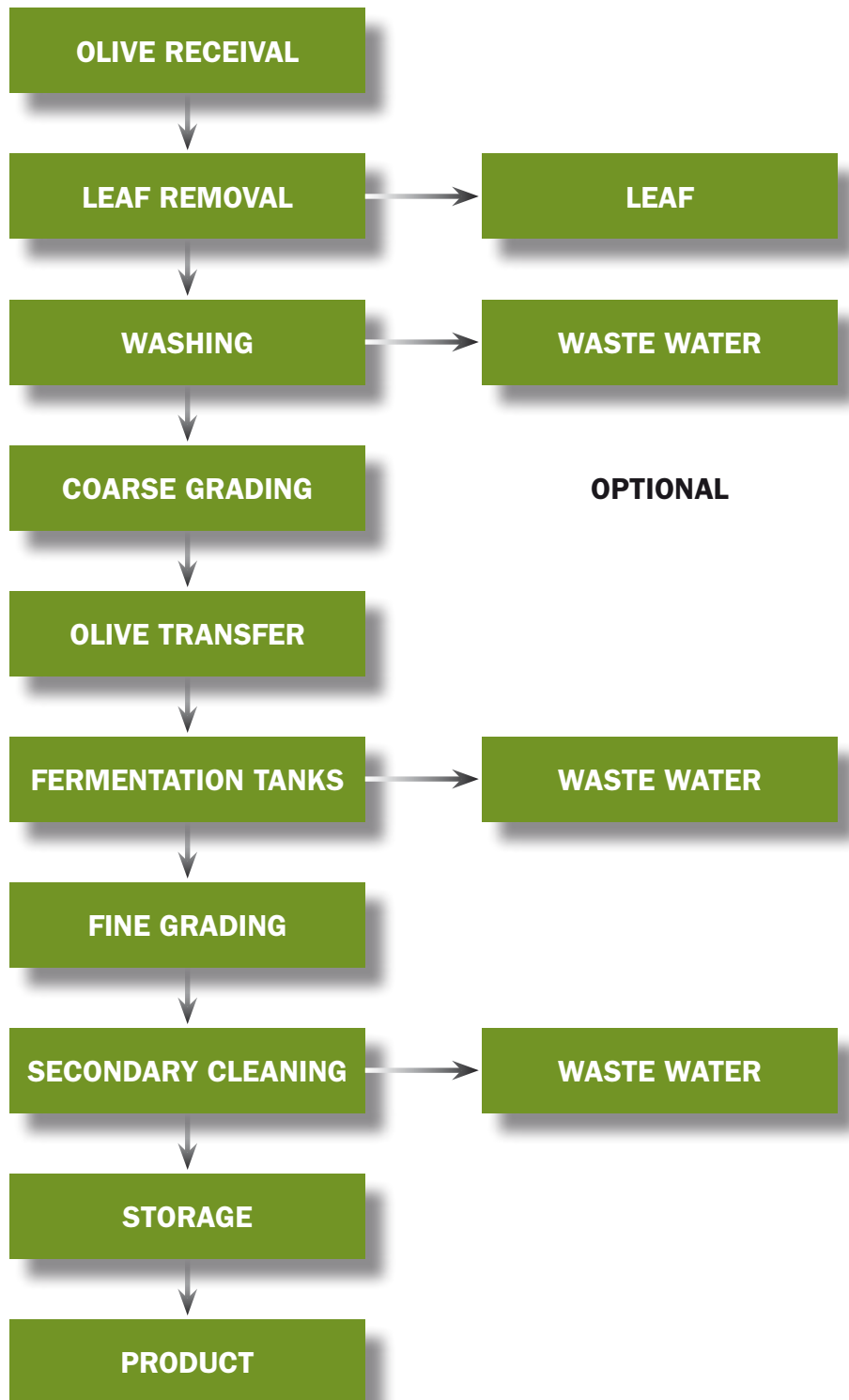
Process Functions and Critical Points



Source : Modern Olives, December 2008.

10.3 PICKLING OLIVES

Process Flow Diagram



This diagram was prepared by director Natalie Paul in February 2009.



Definition of the Generic Process

1. **Harvest** - harvest for table olive production will be a combination of hand harvesting and machine harvesting. An olive shaker grips the tree, unfolds an umbrella around the base of the tree and shakes the tree to catch the fruit before emptying it into 500kg bins.

An example of a machine harvester (shaker) for table olive harvesting is pictured at right;



2. **Delivery** - the most important single feature of table olives is that bruising must be kept to an absolute minimum. This requires very careful handling from the harvester to the transportation crates. The crates must be of a small enough volume to prevent the fruit being damaged during the transport back to the factory.



The below is a photograph of harvested Jumbo Kalamata table olives from the Brooklyn Park 2008 harvest. The top two photographs are of olives harvested during the Brooklyn Park 2008 harvest.



Olive Receival

HOPPER

Receival hopper should be of capacity to suit the recommended washing machine for the selected throughput of the plant taking into consideration scale up, expansion in the future and economics of the washing machines. For ease of operation the hoppers should be flush with the ground level, ensuring that the design leads to minimal fruit damage. A limitation to the size of the hopper is the damage caused to the fruit and this size limitation can lead to uneven flow of material for processing downstream, to avoid this, a system of short term storage in appropriately sized and designed crates of 25 – 500 kg would be employed for harvesting and storage before processing.

LEAF REMOVAL

Removal of leaf prior to washing and processing is important to ensure that downstream fermentation, processing and grading is not adversely effected. This step is most economic upstream of the addition of any water (cleaning) to the olives.

WASHING MACHINE

The washing machine unit for this operation should include both an initial spray followed by submersion of the olives.

COURSE GRADING

If lye treatment (boiling) is to be employed in the future then coarse grading is an important step to ensure effective, even and efficient boiling of the olives. The ability to retrofit such a grading system will be investigated to ensure that any future employment of lye treatment can be accommodated for. It is recommended that coarse grading also be used for natural method as a more even and controllable fermentation will take place. Coarse grading generally grades the olives into 3 – 4 different size variations.

CONVEYING

Conveying in and out of the leaf removal and washing machine will be supplied and designed by the associated suppliers of the leaf / washing equipment. After the olives are conveyed to working height, a horizontal distribution conveyor will be employed. The final design of this conveyor will be based on layout and operational limitations of the tank farm.

TANKS

There are a variety of tank designs available, the most common are 16,000 L (10 tonne olive), or 8,000 L (5 tonne olive) design with a 45 degree base and top. This volume and design was both gentle on the fruit and easy to empty and clean. Initially the concept of elevating all tanks will be investigated, as the damage to the fruit will be

minimised through the benefit of using gravity to discharge the tanks and a 'wet' system of moving the olives, although costs associated with maintaining a constant temperature in the tank environment may make this option uneconomical.

FINE GRADING

Final size grading of the olive is used to ensure that the olives are grouped into similar sizes in preparation for sale. This stage would usually be capable of grading to between 6 and 10 differing sizes.

SECONDARY CLEANING

To remove debris both from the biological reaction and foreign material a final stage of cleaning is employed prior to final packing or storage.

STONING

A unit to remove the pit from the olive (stoning) can be employed on the final product before packaging. This unit would be considered stand alone and due to the nature of the setup of the machine requires that the olives are clean and finely graded.

WASTE MANAGEMENT

The processing and fermentation of table olives predominantly has two waste streams, being solid and liquid. The management of these streams in an economical way will ensure that operation of the plant is both environmentally friendly and labour costs are minimised.

SOLID WASTE

There will be a number of waste streams that will contribute to the solid waste generated at the processing plant. Generally these wastes will be biological and olive / olive tree in origin and hence can be spread back onto the grove as a low value fertiliser. These streams such as damaged olives, leaf and pit will vary depending on operational circumstances, although will not affect the method of disposal, only the frequency and are not expected to be high in volume.

LIQUID WASTE

The management of waste from the processing of table olives is greatly dependant on the method of fermentation employed.

FERMENTATION

With the natural method of fermenting olives, the main source of waste water will be from the liquid discharged at the end of the fermentation cycle. There are a number of options available for the treatment and possible reuse of the liquid and salt content through to drying pans. These options need to be investigated from an economic point of view, as with the price of water being low, reuse is generally difficult to justify. Should reuse be an attractive option a third party should be employed



to assist in the design and supply of a turn key processing plant.

WASHING MACHINES

Often blending with irrigation is the most suitable and economical option for this type of waste stream. It would be unlikely for it to be economical to reuse this stream, although extended use through continual solids removal, aeration and pH control can increase the useful life of the water within the washing machine.

10.4 TABLE OLIVE PACKAGING

The expenditure of funds on the equipment for the olive pickling plant is (subject to successful raising of funds under this Prospectus) progressively expected over calendar year 2009 up to the end of calendar year 2014. Expenditure cost is calculated at \$3.2 million (including a contingency taken for cost increase and budget overrun) in calendar year 2009. Between 2009 and 2014, expenditure of approximately \$1.2 million will be required. Based on Directors' knowledge of the sale of raw olives, their processing and subsequent sale (wholesale) of produce grown on Brooklyn Olive Grove Projects:

- (a) It will take approximately seven calendar years before the pickling operations can be expected to be profitable and to full capacity.
- (b) The supply of olives suitable for pickling will initially be expected to be in the order of 900 tonnes p.a. compared to a full processing capacity of in the order of 2,262 tonnes p.a. (based on manufacturer's specifications for machinery intended to be installed). The volume of harvested olives received should be achieved at the commencement of calendar year 2016.
- (c) The intention is to sell pickled olives both wholesale and retail. Differing packaging and storage requirements will apply.
- (d) Initially, Directors expect the bulk of pickled olive sales will be wholesale. However, as the Company's intended marketing and sales campaign builds momentum, a higher level of retail sales is expected.
- (e) Because of the futuristic nature of applicable pricing, Directors believe that it may be misleading to indicate possible pricing applicable to the sale of pickled olives. Nevertheless, because of Supply Agreements in place, Directors believe that the Company will have sufficient quantities of olives available to it for olive oil processing and olive pickling.

10.5 UNDERLYING ASSUMPTIONS

- (a) The Directors are not contemplating use of secured borrowed funds in the development stages. The use of borrowed funds may be considered once the Stage 1 Stand Alone Stage is reached for growth, acquisition or expansion.
- (b) The Directors have proceeded on the basis that Minimum Subscription will be achieved so that Stage 1 can proceed. If Minimum Subscription is not achieved within four months of the date of this Prospectus, then no New Shares will be issued and any Application Monies paid will be refunded in full.
- (c) Whether or not the Company proceeds to Stages 2 and/or Stage 3 depends upon there being funds raised above the Minimum Subscription for work on those stages to proceed.
- (d) There is no certainty that organic certification will be achieved by the Company if applied for. No assumptions of implied value have been made based on the Company gaining organic certification status.
- (e) The Directors believe that the Company's operations will be viable if development only to Stage 1 is reached. However, the Company's viability and resilience is expected to improve if Stage 2 and Stage 3 proceed.
- (f) Capital expenditure is based on market prices currently quoted or advertised for plant, machinery and equipment. However, price increases in accordance with possible inflation trends (assessed at 4% per annum) have been built into expenditure. Funds raised which are not immediately spent, are expected to attract interest. However, no allowance for interest accrued has been factored into Directors' assumptions.
- (g) The costs of renovations, plant and equipment installations, expected manufacture and repair costs have been the subject of specialist advice from parties requested to tender or quote for the costs involved which are considered reasonable based on past experience of Directors involved in exploring the feasibility of constructing a processing facility of this kind. The basic building infrastructure for the facilities is already on the Processing Facility Land.

- (h) At full operational capacity, ten full time staff or full time equivalents are expected to be required. Labour is available in the Inglewood area to the level required. Other resources (water) and access to contractors required are also available.
- (i) Terms of trade proposed by Directors will place the transport obligations on growers or sellers of olives to the Company so that olives are delivered to the Processing Facility Land.
- (j) Adequate storage facilities for processed olives, as well as to store oil produced awaiting sale plus pickled olives awaiting sale will be initially located on site or alternative storage arrangements will be made.
- (k) The Company will nevertheless be subject to a number of risks which could affect the Directors' expectations for production requirements, implementation timetable and other matters covered in this section. The Risk Factors in section 15 need to be examined by prospective investors, as risk factors may affect the development plans and expectations stated in this Prospectus.

10.6 RELIANCE RISKS ASSOCIATED WITH ASSUMPTIONS

The Directors believe that the disclosure made in this section of the Prospectus is appropriate and may be relied upon by prospective investors subject to qualifications inherent in the assumptions. The information disclosed in this section is based on reasonable assumptions either within the personal knowledge or experience of Directors or based on reasonable enquiries they have made on the subject matter disclosed.

Investors will need to appreciate that Directors are not able to predict future returns from the processing facilities proposed or to make any kind of forecast due to the inherent levels of uncertainty and unpredictability involved.

Readers of this Prospectus are therefore warned not to place undue reliance upon the information disclosed in this section. The Directors are nevertheless required by section 710(1) of the Corporations Act to disclose the prospects of the Company in this Prospectus. However, whilst the information in this section of the Prospectus is indicative of the Company having sound financial prospects, if it proceeds with Stage 1 (and subsequently Stage 2 and Stage 3), this is not to be inferred to mean that any specific level of profitability is likely to arise from an investment in New Shares or as a consequence of the Company's future activities.





11. independent feasibility report

– OIL PROCESSING



nursery . bottling & storage
laboratory . technical advice

PO BOX 92 LARA VIC 3212 TEL: 03 5272 9660 FAX: 03 5272 9699 EMAIL: olives@modernolives.com.au

PO Box 324
Lara
VIC 3212

20 February 2009

The Directors
Australian Green and Gold Olive Processors Limited
PO Box 430
PADDINGTON QLD 4064

Dear Sirs

Expert's feasibility report of oil processing facility for Australian Green and Gold Olive Processors Limited

Introduction

Pengala Pty Ltd ACN 084 730 101 trading as Modern Olives (**Modern Olives**) has been engaged by the directors of Australian Green and Gold Olive Processors Limited (**AGGOPL**) to prepare this letter and attached feasibility report for inclusion in a prospectus to be dated in February or March 2009. I acknowledge that a copy of this letter and attached feasibility report of December 2008 will be submitted to the Australian Securities and Investments Commission (**ASIC**) and issued to prospective investors by AGGOPL in that prospectus, in respect of the proposed offering of around 7 million shares in AGGOPL at \$1 per share.

At the time I prepared the feasibility report on behalf of Modern Olives, I understood the correct name of AGGOPL was Australian Green & Gold Olive Processing Ltd, hence the discrepancy in the company's name in the feasibility report. I also mention that:

- (a) the graph in the feasibility report erroneously appears at page 18, instead of its proper place at page 16, and readers of the feasibility report should take that change into account; and
- (b) the version of the feasibility report in the prospectus does not include a 15 year financial analysis of revenue, operating expenses and capital costs for the proposed olive processing facility, as such data was intended only for senior management of AGGPOL, and inclusion in this prospectus would not be justified in light of ASIC's Regulatory Guide 170. Pages 19 and 20 of the initial feasibility report have therefore been deleted from the version of the document included in the prospectus.

I am a director of Pengala Pty Ltd, and I am authorised as well as qualified to prepare the report and this supplementary letter on behalf of Modern Olives.

Scope

At AGGOPL's request, the scope of my inquiries for reporting upon in the feasibility report included the following:



nursery . bottling & storage laboratory . technical advice

PO BOX 92 LARA VIC 3212 TEL: 03 6272 9660 FAX: 03 6272 9689 EMAIL: olives@modernolives.com.au

- (a) an estimate of the capital investment necessary in the acquisition and set-up of plant and equipment for an olive processing plant;
- (b) an estimate of the operational and processing costs;
- (c) an estimate as to logistics and transporting costs;
- (d) a comparative analysis of on-site and off-site processing;
- (e) an analysis of centralized versus on-site processing; and
- (f) a financial analysis of the project generally, in order to determine if it was economically feasible to proceed.

This report and cost estimations in it are based on discussions with directors of AGGOPL and based on comparative multiple quotes obtained for the acquisition of equipment or for cost of services involving installation.

Additional relevant information was obtained independently by Modern Olives from a variety of sources and was used to extrapolate on the objectives and plans described by AGGOPL and, where appropriate, to confirm or provide alternative assumptions made by AGGOPL.

The basis of this letter is to summarise the information obtained in the feasibility report and to supplement it with updating information. For example, Modern Olives has been made aware that land and improvements, being land at Browns Road, Inglewood (described as Lot 10 on SP 114356) has been acquired by AGGOPL for its proposed olive processing facility, and that a processing equipment rated by the supplier to have a crushing capacity of up to seven tonnes of fruit per hour has since been obtained in readiness for the March 2009 olive harvesting season in the Inglewood area. Modern Olives has been instructed that the premises for the proposed processing facility which were acquired at a GST inclusive cost of \$330,000, and the cost of the olive processor was \$707,930. The \$330,000 cost of premises is far less than Modern Olives anticipated in estimates for expenditure of land (\$30,000) and buildings (\$479,200), though AGGOPL has allowed \$81,000 for building improvements above the \$330,000 purchase cost, i.e. a completion cost of \$411,000 is expected to be incurred by AGGOPL rather than a figure of \$509,200 initially estimated by Modern Olives.

The views in the report are solely those of Modern Olives. Where other views are expressed in the report, they are not necessarily those of Modern Olives.

Expertise of author

Mr Leandro Ravetti is a senior horticulturalist and olive specialist for Pengala Pty Ltd trading as Modern Olives which provides olive specific horticultural and technical advice and research to the olive industry.

Prior to commencing work with Modern Olives and settling in Australia, Mr Ravetti worked with many of the largest olive developments in Argentina, where he is believed to have been acknowledged as one of the country's most experienced advisers and researchers. Specialising in modern production techniques, Mr Ravetti has an international reputation. His research has been published in *Olivae* (the IOOC's official journal) and has presented papers at the World Olive Symposiums in Italy and Turkey. He played a leading role in the organising of Argentina's Premier Symposium.





nursery . bottling & storage laboratory . technical advice

PO BOX 92 LARA VIC 3212 TEL: 03 5272 9660 FAX: 03 5272 9699 EMAIL: olives@modernolives.com.au

Graduating with honours from the National University of Catamarca, Mr Ravetti holds a diploma as an agricultural engineer. He worked as a technical adviser for the Office of Olive Production & Development, Argentina, his responsibilities included coordination and technological advice to private research groups with plantings of 11,000 hectares.

For five years, Mr Ravetti worked for Argentina's National Institute of Technology on grove design, grove management and variety evaluation. He specialised in researching optimal harvesting periods and procedures that maximised oil quality.

Mr Ravetti has also worked in the olive regions of the Mediterranean, including a term with Olive Growing Research Institute in Perugia in Italy. He completed a post-graduate olive growing course in Spain. Mr Ravetti has extensive experience in the mechanical harvesting and pruning on a large scale. Mr Ravetti has provided assistance to many of the largest developments in Australia.

Prospectus disclosure and feasibility discussion

Modern Olives is satisfied that two processing lines similar to the equipment purchased by AGGPOL can process up to 7,864 tonnes of olives in an average harvesting season, which, from experience, could generate around 1.25 million litres of EVOO quality olive oil.

Modern Olives is satisfied that based on all reasonable estimates associated with preparation of AGGOPL's site, the expected costs of production and the estimates of available olives for processing provided by AGGOPL, that the olive processing plant should be a feasible and economic enterprise from or about the financial year ended 2016, based on analysis and assumptions contained in the December 2008 feasibility report. The acquisition by AGGOPL of the land and building at a reduced expected cost estimate could make for a reduction in expected outlays. Naturally, for the purposes of determining viability, Modern Olives has found it necessary to adopt assumptions on costings, which are set out on page 8 of its feasibility report. Those costs are considered reasonable at the time of producing the report, and it is expected that AGGOPL will incur average costs at or near those reported figures.

Independence

Modern Olives has no interest in the outcome of the prospectus with the exception of receiving professional fees for preparation of the **attached** report. Modern Olives is likely to act as a consultant of AGGOPL from time to time. Modern Olives also provides services to Australian Green & Gold Limited in relation to the operations of its business for which fees are received.

Responsibility

Modern Olives has consented to the inclusion of this letter and a copy of the feasibility report in the prospectus in its present form, but has not authorised the issue of the prospectus. This report should not be taken as an endorsement of the project or a recommendation by Mr Ravetti or Modern Olives of any participation by any intending investor. Mr Ravetti or Modern Olives gives no assurances or guarantees whatsoever of either the successful operation or the performance of the olive oil production activities discussed in the prospectus. Mr Ravetti or Modern Olives is not responsible for, any other statements, material, or omissions in or from the prospectus.



nursery . bottling & storage laboratory . technical advice

PO BOX 92 LARA VIC 3212 TEL: 03 5272 9650 FAX: 03 5272 9699 EMAIL: olives@modernolives.com.au

General advice warning

This report has been prepared and included in the prospectus to provide investors with general information only and does not take into account the financial objectives or situation of any individual investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should make their own investigations and also consider whether it is appropriate for their circumstances to invest, having regard to their financial objectives or situation.

Yours faithfully

A handwritten signature in black ink, appearing to read "Leandro Ravetti", is written over a horizontal line.

Leandro Ravetti
for Modern Olives





Olive Oil Processing Plant Feasibility Study

Australian Green & Gold Olive Processing Ltd (AGGOPL)

Leandro Ravetti

December 2008

PO BOX 324 LARA

VICTORIA 3212

TEL: 03 5282 5988

FAX: 03 5282 5977

olives@modernolives.com.au

www.modernolives.com.au

INDEX

Index	2
Executive summary	3
Processing functions and critical points	4
Estimated capital investment for Brooklyn Park processing plant	5
Processing costs	7
Logistics and costs of handling and transporting fruit	9
Comparative analysis between on-site and off-site processing	12
Quality issues relating to centralised versus on-site processing plants	13
Relative merits of bulk oil storage at on site versus centralized plants	14
Financial analysis of the project	15
Conclusions	17



EXECUTIVE SUMMARY

Olive Oil – Definition of the Process

Virgin olive oil is obtained from the olives solely by mechanical or other physical means under conditions, particularly thermal conditions, which do not lead to deterioration of the oil. Extra virgin olive oil can be obtained from any variety if accurate cultural practices have been applied and the olives have been processed correctly.

The varietal composition and the relative percentages of each variety in the grove will determine the future quality and character of the oil produced. However, one of the most important aspects related with the variety mix is the fact that harvesting periods and fruit resistance to natural abscission are specific for each variety.

During the ripening period, a great number of changes and transformations take place in the olive fruit; these changes directly affect the quality and quantity of the oil. Harvesting the fruit from the olive tree is one of the critical issues in the quest for the production of quality olive oil.

Technical and financial analysis of the different alternatives

An estimation of the harvest time distribution for Brooklyn Park Olive Groves and additional groves in the area determines an approximate peak processing demand of approximately 200 tonnes/day. The proposed processing plant is based on two modern 100-120 ton/day continuous plants with Italian style washing equipment. The processing equipment includes receive hopper, conveyor belts, washing and leaf removal systems, crusher, screw conveyors, malaxers, mono pump, decanter, oil pumps, vibrating screen, vertical centrifuge and oil measuring systems. Meanwhile, the waste management equipment includes horizontal screw conveyors, piston pump, pomace hoppers and pit/flesh separators.

For a project of the size of Brooklyn Park Olive Groves, the establishment of an on-site olive oil processing plant is normally fully justified. The expected evolution of the fruit yields in the project determines that the construction of the processing facility was thoughtfully delayed until 2009.

The total capital investment to develop this project could be approximately AU\$ 3,150,000 with an initial investment of approximately AU\$ 2,000,000. A fifteen-year financial analysis of the processing plant project shows an IRR above 20%.

Carrying out this project a year earlier or later than 2009 would depend on other factors apart from economies of processing and transport such as processing availability in other plants, possibility of crushing fruit from other groves, oil quality/marketing, etc.

Organising oil storage off-site seems to be the most viable option under the current circumstances of the Australian olive industry.

PROCESS FUNCTIONS AND CRITICAL POINTS



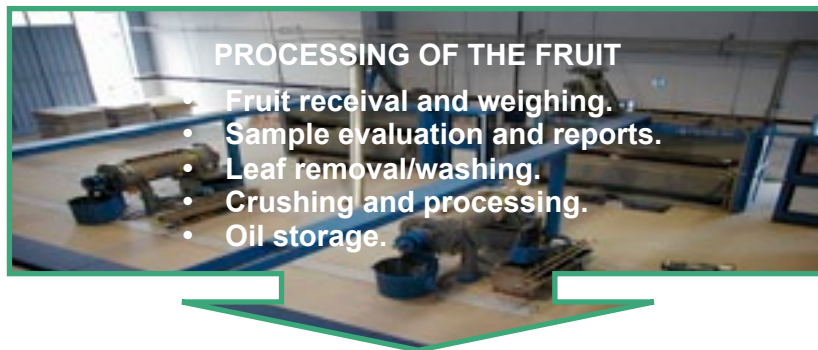
GROVE

- Variety and variety mix.
- Yields per specific variety.
- Climate.
- Pest and disease management.



HARVESTING

- Harvesting methods.
- Harvesting time.
- Fruit transport.
- Fruit storage and preservation.



PROCESSING OF THE FRUIT

- Fruit receipt and weighing.
- Sample evaluation and reports.
- Leaf removal/washing.
- Crushing and processing.
- Oil storage.



WASTE STREAMS

- Pomace storage and use.
- Washing water storage and use.
- Vegetation water storage and use.



ESTIMATED CAPITAL INVESTMENT FOR BROOKLYN PARK PROCESSING PLANT

GENERAL CONSIDERATIONS

The described processing plant is a modern continuous plant with Italian style washing equipment. The processing equipment includes receival hopper, conveyor belts, washing and leaf removal systems, crusher, screw conveyors, malaxers, mono pump, decanter, oil pumps, vibrating screen, vertical centrifuge and oil measuring systems. Meanwhile, the waste management equipment includes horizontal screw conveyors, piston pump, pomace hoppers and pit/flesh separators.

The settling tanks consist of a set of two stainless steel tanks with conical bottoms where the oil produced in 24 hours is primarily settled. As it has been explained above, the storage tanks have been designed and quoted only for a week's storage capacity. The size of the tanks changes accordingly to the capacity of the plant in order to have the same possibilities of separation of different quality oils. These tanks have been quoted as food grade stainless steel tanks with all the required valves and inlets/outlets.

The laboratory equipment of all plants includes acidity and peroxides test kits, as well as precision scales and general equipment. It also includes instruments for oil content and moisture determination.

Land has been estimated at an approximate cost of AU\$ 5,000 per hectare.

The surface requirements for the different areas of the processing plant building have been established using processing plant suppliers' specifications and personal experience. Processing and storing area have cooling panel walls and epoxy painted concrete floors. The receival area is under roof with concrete floors but no walls.

The capital investment in the different equipment and in the building has been established as an average of the prices in the quotes from different suppliers in the market. A 5% contingency has been considered in the capital investment analysis.

The option of 2 x 110-130 tonne/day processing lines has been considered for technically it would be more appropriate for a 240 tonne/day capacity plant to have two lines rather than a single line. A higher risk in case of a breakdown and the possibility of processing two different kinds of fruit at the same time are the main reasons for this consideration.

In the following table, an analysis of capital investment for the suggested processing plant is presented.

AUSTRALIAN GREEN & GOLD OLIVE PROCESSING LTD

ESTIMATED INVESTMENTS

Quantity	Description	Individual price	Total price
Processing facilities			\$1,890,000.00
2	Fruit receipt and washing equipment	\$200,000.00	\$400,000.00
2	Processing equipment	\$700,000.00	\$1,400,000.00
1	Waste management equipment	\$90,000.00	\$90,000.00
Storage tanks			\$268,000.00
10	25 tonnes	\$18,000.00	\$180,000.00
6	15 tonnes	\$10,000.00	\$60,000.00
1	Pumping system	\$16,000.00	\$16,000.00
1	Tank washing equipment	\$12,000.00	\$12,000.00
Laboratory			\$50,000.00
1	Oil and moisture content analyser	\$45,000.00	\$45,000.00
1	Other elements and minor equipment	\$5,000.00	\$5,000.00
Other facilities and services			\$135,000.00
1	Hot water system	\$20,000.00	\$20,000.00
1	Piping installation	\$25,000.00	\$25,000.00
1	Electricity installation	\$50,000.00	\$50,000.00
1	Weight bridge	\$40,000.00	\$40,000.00
Land			\$30,000.00
6	Hectares	\$5,000.00	\$30,000.00
Setting up management			\$300,000.00
1	Setting up activities	\$300,000.00	\$300,000.00
Buildings			\$479,200.00
560	Reception area m2	\$120.00	\$67,200.00
320	Processing area m2	\$450.00	\$144,000.00
320	Storage area m2	\$400.00	\$128,000.00
50	Water heating system m2	\$400.00	\$20,000.00
20	Laboratory m2	\$800.00	\$16,000.00
100	Offices and toilets m2	\$700.00	\$70,000.00
1	Water storage	\$34,000.00	\$34,000.00
TOTAL			\$3,152,200.00



PROCESSING COSTS FOR THE PROPOSED FACILITY INCLUDING THE EFFECT OF NOT BEING UTILISED AT FULL CAPACITY

In the following table, production costs for the proposed processing plant analysed in the above paragraph are presented in a comparative way. These costs have been analysed when the plant is operating at full capacity, 75 % capacity, 50 % capacity and 25 % capacity.

Maintenance and repairs have been estimated in a 5 % of the value of the equipment. This percentage is commonly accepted and suggested by the main processing plant suppliers. Labour requirements of qualified personal and assistants have been estimated according to processing plant suppliers' recommendations and personal experience in similar size operations.

The costs of electricity has been calculated according to the requirements of the different equipments plus a fixed energy expense in building lights, office works, pumps, laboratory, etc.

Other materials costs have been estimated and budgeted at a rate of AU\$ 36.00 per tonne of produced oil. Other materials include micro talc, filters, enzymes, laboratory chemicals and other expenses in materials directly or indirectly related with the production and storage of the oil. Contingencies have been estimated as 8 % of the direct production costs.

The depreciation of the equipment has been estimated in the following way:

- Processing equipment: 35 % residual value and depreciated over 10 years.
- Tanks: 10 % residual value and depreciated over 40 years.
- Buildings: 10 % residual value and depreciated over 40 years.

The interest of the investments has been calculated using a rate of 8 %.

The costs of handling the pomace out of the processing plant have not been included for it can be paid per grower even in a centralised processing plant.

No CPI adjustments have been considered for processing fees or processing costs.

AUSTRALIAN GREEN & GOLD OLIVE PROCESSING LTD

ESTIMATED COSTS AT FULL PRODUCTION

	Description	Per line	Total price
	Maintenance and repairs	\$49,500.00	\$99,000.00
	Labor costs		\$145,600.00
1600	Qualified personal (Hours per season)		\$56,000.00
5600	Assistants (Hours per season)		\$89,600.00
	Energy	\$75,000.00	\$150,000.00
	Other materials	\$55,692.59	\$111,385.18
	Incidentals	\$22,769.33	\$45,538.67
	Total costs without depreciation or interests		\$551,523.85
	Interests		\$252,176.00
	Depreciation		\$172,437.00
	TOTAL COSTS		\$976,136.85

PRODUCTION COSTS AT VARIOUS CAPACITIES

Description	Total amount
Potential processed olives in kilograms (100% capacity)	7,865,000
Potential cost per kilo w.o. depreciation or interest	\$0.070
Potential cost per kilo of crushed fruit	\$0.124
Potential processed olives in kilograms (75% capacity)	5,898,750
Potential cost per kilo w.o. depreciation or interest	\$0.080
Potential cost per kilo of crushed fruit	\$0.152
Potential processed olives in kilograms (50% capacity - 1 line only)	3,932,500
Potential cost per kilo w.o. depreciation or interest	\$0.091
Potential cost per kilo of crushed fruit	\$0.177
Potential processed olives in kilograms (25% capacity - 1 line only)	1,966,250
Potential cost per kilo w.o. depreciation or interest	\$0.134
Potential cost per kilo of crushed fruit	\$0.304



LOGISTICS AND COSTS OF HANDLING AND TRANSPORTING FRUIT

As regards the analysis of the logistics and costs of handling and transporting the fruit, the entire process costs has been divided and quoted in fixed costs and per kilometre costs. A wide range of prices and quotes has been received while inquiring the different suppliers. Consequently, two scenarios have been presented and studied with the cheapest and the most expensive alternatives.

In the comparison of on-site and off-site handling of the fruit, it was assumed that the fruit will be transported in 4 tons trailers within the grove in the first case and in 500 kg plastic bins on a 4 ton trailer in the second case. Consequently, it is possible to assume that the internal transport of the fruit between the harvester and the unloading point is the same in both cases. While using bins, it is considered that it will not be possible to use the same bin more than once per day. Consequently, two bins per day have been destined for freighting each ton of fruit. The loading and unloading costs have been estimated under the assumption of 25 Tn of fruit freighted per day from the grove and 100 Tn of fruit handled per day per forklift in the processing plant. Furthermore, the forklift driver costs in the processing plant have been estimated as 50% of the total requirements for some of the assistants in the processing plant may reduce these requirements in the peak off moments. The additional fixed costs in the situation of out-site transport are associated with the following points:

- Hiring or buying 500 kg plastic bins.
- Insurance of the fruit.
- Loading and unloading plastic bins from the trailers.
- Loading and unloading plastic bins from the trucks in the grove.
- Loading and unloading plastic bins from the trucks in the processing plant.

Additional costs per kilometre in concept of freight have to be considered as well.

Buying bins alternative

	Expensive alternative	Cheap alternative
Bins (\$ per bin)	\$200.00	\$180.00
Depreciation	\$40.00	\$36.00
Interests	\$16.00	\$14.40
Costs (\$ per year)	\$56.00	\$50.40
Costs (\$ per day)	\$0.75	\$0.67
Costs (\$ per Tn)	\$1.49	\$1.34



Hiring bins alternatives

	Expensive alternative	Cheap alternative
Hiring bins (\$ per day)	\$0.60	\$0.30
Costs (\$ per Tn)	\$1.20	\$0.60

Loading and unloading operations per quotes

	Expensive alternative	Cheap alternative
Loading and unloading in Processing Plant/Ton	\$4.50	\$3.50
Loading and unloading in the grove/Ton	\$10.00	\$9.00
Costs (\$ per Tn)	\$14.50	\$12.50

Loading and unloading operations per costs

Forklift rental per week	\$ 160.00
Gas per week	\$50.00
Insurance per week	\$28.00
Driver per week	\$1,680.00
Total costs per week	\$1,918.00
Costs (\$ per Tn in Processing Plant)	\$2.74
Costs (\$ per Tn in Grove)	\$10.96

Insurance costs as quoted

	Expensive alternative	Cheap alternative
Costs (\$ per Tn)	\$6.00	\$2.15

Total fixed costs

	Cheap alternative	Expensive alternative
Bins	\$0.60	\$1.34
Processing Plant loading costs	\$2.74	\$4.50
Grove loading costs	\$9.00	\$10.96
Insurance	\$2.15	\$6.00
Total fixed costs per Tn	\$14.49	\$22.80

Freight costs per kilometre

	Expensive alternative	Cheap alternative
Costs (\$ per Km)	\$2.75	\$2.25
Costs (\$ per Tn/Km)	\$0.22	\$0.18



COMPARATIVE ANALYSIS BETWEEN ON-SITE PROCESSING COSTS AND ADDITIONAL FREIGHT COSTS FOR PROCESSING OFF-SITE

Using the figures of processing costs, fruit handling costs and freight costs, it is possible to establish a comparison between on-site processing costs and off-site processing costs including additional transport costs. As regards processing and transport costs, average values and 215 km of transport to Moree have been assumed.

It is extremely important to underline what has been already explained in the previous paragraphs. These assumptions would suffer dramatic changes depending on the average yields, yields of a specific year, variety mix, ripening periods, alternate bearing, etc.

The first table shows an approximate evolution of fruit yields for Brooklyn Park Olive Groves and the additional fruit expected to be crushed at their processing plant according to AGGOPL as well as the percentage of processing capacity that those yields represent. In the following table, processing costs on-site and comparative costs off-site plus transport costs are compared to determine the most cost-effective option for Brooklyn Park Olive Groves.

AUSTRALIAN GREEN & GOLD OLIVE PROCESSING LTD CRUSHING FORECAST

Production evolution in tons of fruit/stage

Year / Grove	Brooklyn Park Olive Groves Projects	Australian Olives	Keetah Olive Grove	Total	% Processing
2009	737	500	500	1,737	22.1%
2010	1,160	600	600	2,360	30.0%
2011	2,069	500	500	3,069	39.0%
2012	3,204	600	600	4,404	56.0%
2013	4,589	500	500	5,589	68.5%
2014	5,151	600	600	6,351	80.8%
2015	5,609	600	600	6,809	86.6%
2016...	5,854	1,000	1,000	7,854	100.0%

AUSTRALIAN GREEN & GOLD OLIVE PROCESSING LTD

Comparative analysis of On-Site and Off-Site processing costs

Stage	Total	Proc. Cost On-Site (\$/ton)	Proc. Cost Off-Site (\$/ton)	Fruit transport costs (\$/ton)	Difference (\$/ton)
2009	737	\$304.00	\$200.00	\$61.65	\$42.35
2010	1,160	\$259.00	\$200.00	\$61.65	(\$2.65)
2011	2,069	\$140.00	\$200.00	\$61.65	(\$21.65)
2012	3,204	\$174.00	\$200.00	\$61.65	(\$87.65)
2013	4,589	\$150.00	\$200.00	\$61.65	(\$111.65)
2014	5,151	\$146.00	\$200.00	\$61.65	(\$115.65)
2015	5,609	\$138.00	\$200.00	\$61.65	(\$123.65)
2016...	5,854	\$124.00	\$200.00	\$61.65	(\$137.65)

According to the information presented in the above tables, it is possible to conclude that:

- Brooklyn Park could not justify the establishment of an on-site processing plant in 2007 or 2008.



- The situation in 2009 would not justify the establishment of the plant but the minimal difference would determine that, by establishing the plant that year, the management team could obtain valuable experience at almost no additional cost.
- From 2010 onwards, it is clear that Brooklyn Park would fully justify an On-Site processing plant.

PRODUCT QUALITY AND CONSISTANCY ISSUES RELATING TO OFF-SITE VERSUS ON-SITE PROCESSING FACILITIES

The main aspects related with quality and consistency of the final product when comparing an on-site processing plant versus an off-site one are:

- Additional time to process the fruit due to loading, freight and unloading time and impact of this time on the oil quality.
- Possibility of storing and processing different quality fruit separately.

As regards the effects on oil quality due to the extra time between harvesting and processing, most of the available data has been analysed in the above paragraphs about fruit transport and storing. Most works point out that processing the fruit within 48 hours or preferably within 24 hours from harvesting time would lead to no problems with quality. Consequently, if the harvesting/freighting logistics can be designed and adjusted to process the fruit in this time no quality issues would be linked with a centralised processing plant. However, any problem with the transport or harvesting equipments could immediately lead to storing the unprocessed fruit for a longer period than optimal.

A centralised processing plant receiving and processing fruit from many growers at the same time will imply that most of the time it will be impossible to store and process different varieties and different quality fruits separately. Even when the fruit sampling and analysis process described above will allow making a general classification of the fruit, this differentiation would not be optimal. Consequently, mixing different quality fruit could compromise the quality of the resultant product. Furthermore, processing different varieties or different ripening stages of the same variety simultaneously could not allow an optimal calibration of the processing equipment and could compromise the final oil yields.

RELATIVE MERITS OF BULK OIL STORAGE AT ON SITE PLANTS VERSUS CENTRALISED PLANTS

In order to analyse the relative merits of bulk oil storage at on site plants versus state-based or national based centralised storage facilities, three different storage facilities have been analysed:

- Storage 1 (On site): 1,500 Tonnes of oil.
- Storage 2 (State based): 4,500 Tonnes of oil.
- Storage 3 (National): 15,000 Tonnes of oil.

In order to compare similar capacities to store oil of different qualities and characteristics, the following tank structure has been estimated for each plant:

- Storage 1:
 - 25 % of the oil in 20 Tonne tanks.
 - 25 % of the oil in 30 Tonne tanks.
 - 50 % of the oil in 50 Tonne tanks.
- Storage 2:
 - 25 % of the oil in 30 Tonne tanks.
 - 25 % of the oil in 50 Tonne tanks.
 - 50 % of the oil in 100 Tonne tanks.
- Storage 3:
 - 50 % of the oil in 50 Tonne tanks.
 - 50 % of the oil in 100 Tonne tanks.

The capital investment for each storage facility is presented in the following table:

Item	Storage 1	Storage 2	Storage 3
Tanks	\$ 693,750.00	\$ 1,518,750.00	\$ 4,500,000.00
Pumps & filters	\$ 50,000.00	\$ 90,000.00	\$ 162,000.00
Land	\$ 5,000.00	\$ 8,967.00	\$ 24,457.00
Building	\$ 276,000.00	\$ 495,000.00	\$ 1,350,000.00
Contingency @ 5 %	\$ 51,238.00	\$ 105,636.00	\$ 301,823.00
TOTAL	\$ 1,075,988.00	\$ 2,218,353.00	\$ 6,338,279.00
\$/Tonne of capacity	\$ 717.33	\$ 492.97	\$ 422.55

In the following table, the storage costs are presented considering operating costs, depreciation and interests. The graph below summarises these costs and investment requirements.



Item	Storage 1	Storage 2	Storage 3
Labour costs	\$ 693,750.00	\$ 1,518,750.00	\$ 4,500,000.00
Other materials	\$ 276,000.00	\$ 495,000.00	\$ 1,350,000.00
Contingency @ 10 %	\$ 51,238.00	\$ 105,636.00	\$ 301,823.00
Operating expenses	\$ 1,075,988.00	\$ 2,218,353.00	\$ 6,338,279.00
Depreciation			
Depreciation equipment	\$ 3,250.00	\$ 5,850.00	\$ 10,530.00
Depreciation tanks	\$ 15,609.00	\$ 34,172.00	\$ 101,250.00
Depreciation building	\$ 6,210.00	\$ 11,138.00	\$ 30,375.00
Subtotal Depreciation	\$ 25,069.00	\$ 51,159.00	\$ 142,155.00
Interest			
Interest equipment	\$ 4,000.00	\$ 7,200.00	\$ 12,960.00
Interest tanks	\$ 55,500.00	\$ 121,500.00	\$ 360,000.00
Interest buildings	\$ 22,080.00	\$ 39,600.00	\$ 108,000.00
Subtotal Interests	\$ 81,580.00	\$ 168,300.00	\$ 480,000.00
TOTAL	\$ 149,274.00	\$ 337,709.00	\$ 991,615.00
\$/Tn	\$ 99.52	\$ 75.05	\$ 66.11

From the analysis of these figures it is possible to conclude that larger centralised storage facilities lead to lower storage costs. However, the scale effect is minimal if compared with the price of the product. The storage costs savings between scenario 1 and 2 would be around 0.50 % of the value of the oil considering an oil price of \$4.20/kg. If the comparison is done between situation 2 and 3, this percentage is lower than 0.20 %.

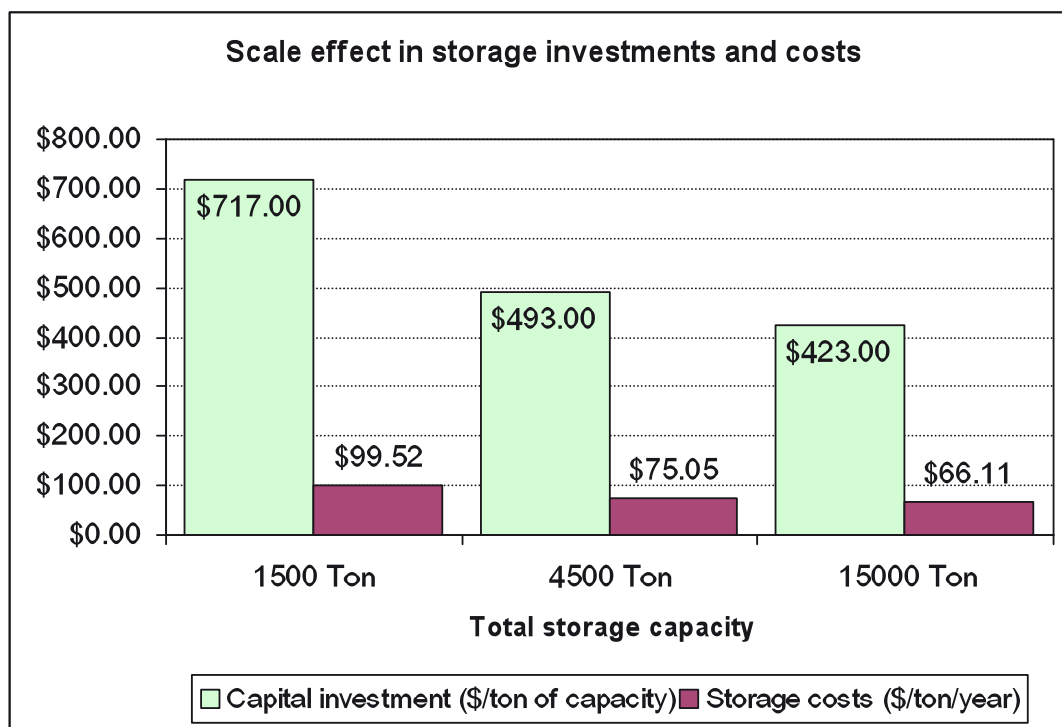
As a consequence of this small impact of the scale effect, it will be more important to analyse other aspects at the time of deciding the construction of centralised storing facilities. Some of these aspects are detailed in the following points:

- Risk factor of storing all the oil in just one place.
- Blending and bottling.
- Possibility of storing some of last year's oil.
- Possibility of storing third parties oil.
- Total or partial sales of oil to other customers apart from the centralised plant.
- Direct sales in bulk for export.
- Marketing issues.
- Centres of consumption.



- Exporting ports.
- Environmental conditions.

The final decision is extremely complex and must be done after a careful analysis of the entire situation considering all the detailed aspects. Nonetheless, the possibility of negotiating off-site storage seems to be the most convenient option at this stage.



CONCLUSIONS

- For a project of the size of Brooklyn Park, the establishment of an on-site olive oil processing plant is fully justified in most occasions.
- The suggested processing plant should have 2 lines x 100-120 tonnes/day each line.
- The expected evolution of the fruit yields in the project determines that the construction of the processing facility was correctly delayed until 2009.
- A fifteen years financial analysis of the processing plant project shows an IRR above 20%.
- Carrying out this project a year earlier or later than 2009 would depend on other factors apart from economies of processing and transport such as processing availability in other plants, possibility of crushing fruit from other groves, oil quality/marketing, etc.
- Organising oil storage off-site seems to be the most sensitive option under the current circumstances of the Australian olive industry.

PENGALA PTY LTD, T/A MODERN OLIVES DISCLAIMER

Modern Olives 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 as to the accuracy or reliability of any estimates, opinions, conclusions, recommendations (which may change without notice) or other information contained in this document and, to the maximum extent permitted by law, Modern Olives 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.

This report should not be taken as an endorsement of the project or a recommendation by Mr Ravetti or Modern Olives of any participation by any intending investor. Mr Ravetti or Modern Olives gives no assurances or guarantees whatsoever of either the successful operation or the performance of the olive oil extraction activities discussed in this report.

Modern Olives does not represent or warrant the attached files are free from computer viruses or other defects. The attached files are provided, and may only be used, on the basis that the user assumes all responsibility for any loss, damage or consequence resulting directly or indirectly from use.



THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK



12. solicitors' report

Partner
Direct line
Email
Our reference

Rodney Bell
07 3233 8936
rbell@mccullough.com.au
RDB:154442-00002

Lawyers | **McCullough
Robertson**

23 February 2009

The Directors
Australian Green and Gold Olive Processors Limited
Unit 71/ 283 Given Terrace
PADDINGTON QLD 4064

Dear Sirs

Legal report on land at Browns Plains, Inglewood, Queensland

We acted as lawyers for your company in its acquisition from Inglewood Olive Processors Limited of the freehold land described as Lot 10 on SP 114365 in the County of Clive, Parish of Inglewood having an area of 9.15 hectares and being the whole of the land in Title Reference 50247472

(Processing Facility Land). Completion of the Company's purchase of the Processing Land occurred on 6 October 2008 **(Completion Date)**. The Processing Facility Land is now registered in the name of Australian Green and & Gold Olive Processors Limited. The only registered dealing on the title is mortgage no. 712106760 to St George Bank Limited.

Prior to the Completion Date, McCullough Robertson conducted searches in respect of the Processing Facility Land consistent with prudent conveyancing practice. There were no adverse findings arising from searches conducted other than:

- (a) the discovery of an exploration permit for petroleum (EPP818) over the Processing Facility Land in favour of Eureka Petroleum Pty Ltd which expires on 31 December 2017. The permit allows the holder to:
 - (i) explore and test for petroleum;
 - (ii) evaluate the feasibility of petroleum production; and
 - (iii) evaluate or test natural underground reservoirs for petroleum storage;
- (b) the presence of a record that the Processing Facility Land was included on the Environmental Management Register (**EMR**) because it was previously subdivided from Lot 2 on Plan CVE 289 and subject to contamination exposure from a hazardous contaminant, namely, high arsenic levels along the B rail corridor (shown on Plan CVE 289). However, the Processing Facility Land is not included on the contaminated land register.



In this regard we advised your Company:

- (a) that it is common to find exploration permits over rural land; AND
- (b) the notification of the Processing Facility Land on the **EMR** is not a bar to the use of the land. Sites recorded on the EMR pose a low risk to human health and the environment under the current land use. Entry on the EMR does not mean that the land has to be cleaned up or that the current land use must stop.

Our searches also resulted in disclosure being made by Goondiwindi Regional Council (**GRC**) of recorded building approvals given by GRC in respect of the Processing Facility Land, namely for the construction of a processing plant building, Class 8 under permit no. 22/99.

We note that a copy of this letter has been prepared for inclusion in a Prospectus to be issued by the Company. We state that this letter is not intended to imply that the Processing Land is, as a result of our searches, necessarily fit for any purpose for which the Company intends to use the land. We were not instructed to make any further enquiries or searches relative to the information disclosed above.

Yours faithfully



Rodney Bell
Partner
McCullough Robertson



13. financial information

13.1 INTRODUCTION

- (a) The Company was registered as a public company limited by shares on 24 June 2008.
- (b) The Company is not yet required by law to prepare financial statements. Since its registration, the Company has not traded. Its activities have been restricted to the acquisition of the Processing Facility Land, the borrowing of funds for purposes connected to that purchase and for the purchase of an olive oil processing machine and the entry into agreements set out in section 10.
- (c) The Board has not yet resolved which accounting standards will be adopted in the preparation of the Company's accounts. The determination as to the appropriate accounting standard will be made after consultation with the Company's appointed auditors, Cranstoun & Hussein.
- (d) As at 31 January 2009, the Company's assets and liabilities can be demonstrated by the following Balance Sheet and explained by accompanying notes:

UNAUDITED BALANCE SHEET OF THE COMPANY AS AT 31 JANUARY 2009

	Note	\$
Current Assets		
Cash and bank balance	1	17,500
Formation expenses		714
Other		-
Total Current Assets		18,214
Non-Current Assets		
Land	2	316,376
Equipment	3	838,015
Intangible Assets	4	-
Total Non-Current Assets		1,154,391
Current Liabilities		
Loans	5	1,155,105
Total Current Liabilities		1,155,105
Total Liabilities		1,155,105
Net Assets		17,500
Shareholders' Equity		\$17,500

- Note 1** Represents shareholder funds from 1,750,000 issued ordinary shares fully paid to 1 cent per share.
- Note 2** Land at Browns Road, Inglewood at cost including acquisition expenses.

Note 3 Seven tonne olive oil processor, storage tanks and other processing equipment acquired at cost.

Note 4 Intangibles are nil.

Note 5 Loans payable to St George Bank Limited, Australian Green & Gold Limited and Horticultural Developments Pty Ltd.

The Company adopts costs at historic value. Detailed company accounting policies will be adopted following consultation with the Company's auditor once Minimum Subscription has been reached.

The Company intends to apply the minimum subscription proceeds of \$1,500,000 with an available loan facility of \$188,668 (see section 16 of this Prospectus) to meet the required expenditure of \$1,500,000 for Stage 1. In the event more than \$1,500,000 is raised under this Prospectus, this will correspondingly reduce the Company's call on the loan facility of \$188,668.

13.2 UNAUDITED PRO FORMA CAPITAL STRUCTURE – MINIMUM SUBSCRIPTION

Based upon Minimum Subscription only being achieved under the Prospectus, the Company would have the following Shares on issue:

Existing Shares	1,750,000
New Shares	1,500,000
TOTAL	3,250,000

Based on the Unaudited Pro Forma Balance Sheet (Minimum Subscription Achieved), these Shares would represent a Shareholders' Equity of \$1,420,148.

13.3 UNAUDITED PRO FORMA CAPITAL STRUCTURE – MINIMUM SUBSCRIPTION AND STAGE 2 FUNDING

Based upon Minimum Subscription and the amount required for Stage 2 (\$2,000,000) being raised under the Prospectus, the Company would have the following Shares on issue:

Existing Shares	1,750,000
New Shares – Minimum Subscription	1,500,000
New Shares – Stage 2	2,000,000
TOTAL	5,250,000

Based on the Unaudited Pro Forma Balance Sheet (Minimum Subscription and Stage 2 Funding Achieved), these Shares represent a Shareholders' Equity of \$3,420,148.

13.4 UNAUDITED PRO FORMA CAPITAL STRUCTURE – FULL SUBSCRIPTION FOR STAGE 1, STAGE 2 AND STAGE 3

Based upon Minimum Subscription and the amounts required for Stage 2 and Stage 3, (\$3,520,000) being raised under the Prospectus, the Company would have the following Shares on issue:

Existing Shares	1,750,000
New Shares – Minimum Subscription	1,500,000
New Shares – Stage 2	2,000,000
New Shares – Stage 3	3,520,000
TOTAL	<u>8,770,000</u>

Based on the Unaudited Pro Forma Balance Sheet (Full Subscription for Stage 1, Stage 2 and Stage 3 Achieved), these Shares represent a Shareholders' Equity of \$6,940,148.

13.5 UNAUDITED PRO FORMA BALANCE SHEET – MINIMUM SUBSCRIPTION

Unaudited Pro Forma Balance Sheet – Minimum Subscription Achieved

	Note	\$
Current Assets		
Cash and bank balance	1	17,500
Formation expenses		714
Other		–
Total Current Assets		<u>18,214</u>
Non-Current Assets		
Land & buildings	2	397,376
Equipment	3	1,290,578
Intangible Assets	4	–
Total Non-Current Assets		<u>1,687,954</u>
Current Liabilities		
Loans	5	188,668
Trade creditors	6	97,352
Total Current Liabilities		<u>286,020</u>
Total Liabilities		<u>286,020</u>
Net Assets		<u>1,420,148</u>
Shareholders' Equity		<u>\$1,420,148</u>

Note 1 Represents shareholder funds from 1,750,000 issued ordinary shares fully paid to 1 cent per share

Note 2 Land and buildings at Browns Road, Inglewood at cost including acquisition expenses.

Note 3 Processing equipment and improvements acquired at cost.

Note 4 Intangibles are nil.

Note 5 Loans payable to Horticultural Developments Pty Ltd.

Note 6 Prospectus costs owed to McCullough Robertson of \$79,170 (excl. GST) plus printing costs of \$18,182 (excl. GST)

13.6 UNAUDITED PRO FORMA BALANCE SHEET – SUBSCRIPTION FOR STAGE 1 AND STAGE 2 ACHIEVED

Unaudited Pro Forma Balance Sheet – Subscription for Stage 1 and 2 Achieved

	Note	\$
Current Assets		
Cash and bank balance	1	407,593
Formation expenses		714
Other		–
Total Current Assets		<u>408,307</u>
Non-Current Assets		
Land & buildings	2	397,376
Equipment	3	2,614,465
Intangible Assets	4	–
Total Non-Current Assets		<u>3,011,841</u>
Current Liabilities		
Loans	5	–
Trade creditors	6	97,352
Total Current Liabilities		<u>97,352</u>
Total Liabilities		<u>97,352</u>
Net Assets		<u>3,420,148</u>
Shareholders' Equity		<u>\$3,420,148</u>

Note 1 Represents shareholder funds from 1,750,000 issued ordinary shares fully paid to 1 cent per share and working capital.

Note 2 Land and buildings at Browns Road, Inglewood at cost including acquisition expenses, plus building renovations at cost.

Note 3 Processing equipment and improvements acquired at cost.

Note 4 Intangibles are nil.

Note 5 Assumes payment of loan to Horticultural Developments Pty Ltd.

Note 6 Prospectus costs owed to McCullough Robertson of \$79,170 (excl. GST) plus printing costs of \$18,182 (excl. GST)

13.7 UNAUDITED PRO FORMA BALANCE SHEET – FULL SUBSCRIPTION FOR STAGE 1, STAGE 2 AND STAGE 3 ACHIEVED

Unaudited Pro Forma Balance Sheet – Fully subscribed

	Note	\$
Current Assets		
Cash and bank balance	1	706,863
Formation expenses		714
Other		-
Total Current Assets		<u>707,577</u>
Non-Current Assets		
Land	2	397,376
Equipment	3	5,835,195
Intangible Assets	4	-
Total Non-Current Assets		<u>6,232,571</u>
Current Liabilities		
Loans	5	-
Trade creditors	6	97,352
Total Current Liabilities		<u>97,352</u>
Total Liabilities		97,352
Net Assets		<u>6,940,148</u>
Shareholders' Equity		<u>\$6,940,148</u>

- Note 1** Represents shareholder funds from 1,750,000 issued ordinary shares fully paid to 1 cent per share and working capital.
- Note 2** Land and buildings at Browns Road, Inglewood at cost including acquisition expenses, plus building renovations at cost.
- Note 3** Processing equipment and improvements acquired at cost.
- Note 4** Intangibles are nil.
- Note 5** Assumes payout of loan from Horticultural Developments Pty Ltd.
- Note 6** Prospectus costs owed to McCullough Robertson of \$79,170 (excl. GST) plus printing costs of \$18,182 (excl. GST)





14.1 TAXATION OF THE COMPANY

The Company is an unlisted public company. On the basis that the Company will carry out business operations as outlined in section 10 of this Prospectus and will therefore be treated for taxation purposes as an unlisted public company and normal taxation principles will apply.

Each financial year at the Directors' discretion, Shareholders may or may not be paid a fully franked dividend in line with the Company Constitution and in the best interest of the Company and its Shareholders. The dividends paid will be based on the individual shareholding of each investor.

To the extent minors, persons under legal disability and foreign residents are presently entitled to a dividend from the Company, the Company may be liable to pay income and / or withholding tax on that share of dividend distribution. At present, Directors have not formulated any dividend policy for the Company. A dividend policy is likely to be formulated only after the Company can demonstrate ongoing profitability.

14.2 TAXATION OF SHAREHOLDERS

Dividends received from the Company

You will be required each year to include in your taxation return as assessable income the dividends received from the Company, (including any capital gain as a result of sale of your Shares in the Company). The Directors of the Company will announce any dividends payable on or before the Companies Annual General Meeting to be held in November each financial year. Each shareholder is responsible for their own taxation treatment of any dividends paid by the Company and should seek appropriate and professional taxation advice.

No decision has yet been made by the Directors as to whether dividends will be franked or unfranked. A decision of that kind will be made based on any profits available for distribution as dividends and the amount of tax paid by the Company on income earned and in light of the decision to be made by Directors as to the appropriateness of declaring and paying a dividend.

14.3 TAXATION FOR NEW ZEALAND RESIDENTS

The information in sections 14.1 and 14.2 is directed at Australian residents. Persons who are New Zealand residents will need to seek their own advice on the taxation effect on them of their investment in the Company.

14.4 TAXATION

The taxation information provided this Prospectus is of a general nature only and should not be relied upon by investors as providing specific taxation advice. As the taxation implications for each investor may differ, AGG recommends that each investor should obtain independent professional taxation advice which can be tailored to their own unique set of facts and circumstances.

This summary of the taxation implications for an investor in the company is based on the following assumptions:

- (a) The investor will be holding the Shares on Capital account rather than revenue account – that is the investor is not carrying on a business of share trading. For investors carrying on a business of share trading different rules will apply.
- (b) The investor is an Australian resident for income tax purposes.
- (c) The investor is not under a legal disability and is not under 18 years of age.

This taxation summary is based on current tax laws as at the date of issue of the Prospectus and these may change without notice at any time which may affect the taxation treatment of your investment.



15. risk factors

As with most investments, the performance of the Company can be influenced by a number of factors which are outside the control of Australian Green and Gold Olive Processors Limited. The level of dividends and the value of the company's net tangible assets may be influenced by a number of risks factors.

Before investing, potential investors should consider whether this investment is a suitable investment given their investment objectives. Generally, an investment in the Company should be considered a speculative, long-term and illiquid investment.

The following risk factors have been identified as the most obvious but are not necessarily the only risks that could impact on the performance of the Company. Potential investors should read this Prospectus in its entirety and, if they require further information on any possible risks of an investment in the Company, should seek appropriate financial advice.

15.1 RISKS ASSOCIATED WITH COMPANY PERFORMANCE

Related Party Risk

The Company shares common personnel, Directors, business infrastructure and Managers the following entities; AGG, AFSL license holder, AGG is also the manager and Responsible Entity to the Brooklyn Park Olive Groves Managed Investment Scheme as Supplier to the Company and manager to the Australian Olives Projects 4, 5 and 6 as Supplier to the company; Horticultural Developments Pty Ltd as outsourced manager to the Brooklyn Park Organic Olive Groves Bonni Foi Managed Investment Scheme as Supplier to the Company. Any loss by AGG of its AFSL Responsible Entity licence or its insolvency could adversely affect the Company. AGG has held and operated an AFSL and Responsible Entity since 1999.

Environmental Risks

The nature of the Company's operations require adherence to environmental law and regulatory authority from the Environmental Protection Agency where any violation of the applicable legislation or regulations could result in shut down of the Company's prospective operations and in worst case, removal of permits to carry out its business. The Company has employed expert consultants in formalising its operational and environmental management plans to ensure best practice processes and procedures are carried out at all times.

Food Safety Risks

The nature of the Company's operations require adherence to food safety laws and regulatory authority where any violation of the applicable legislation or regulations could result in shut down of the Company's prospective operations and in worst case, removal of permits to carry out its business or claims against the company. The Company has employed expert consultants in formalising its operational and food safety management plans to ensure best practice processes and procedures are carried out at all times.

Key Personnel Risk

Peter Shakspeare is the Managing Director of the Company, AGG, (the Responsible Entity) and other Related Party Entities. The Company has implemented succession planning in the event of Peter leaving the companies or in his demise, taken out appropriate business loss insurances to ensure no financial strain on the Company or AGG during this transition.

Contractual Risk

Refer Performance Risks below.

15.2 RISKS ASSOCIATED WITH THE COMPANY'S PROCESSING CONTRACTS

Agricultural Risk

The Company may be exposed to agricultural risk in its capacity as processor to olive farms that are contracted under a Supply Agreement. The profitability of the Company relies on the ability of the olive farms to supply olive fruit for olive oil and table olive processing. These olive farms are subject to normal agricultural risks that may impact on their ability to produce olives and hence meet their requirements under the Supply Agreements.

Solvency Risk

The Company may be exposed to solvency risk arising from crop failure or insolvency affecting olive farms through which it has contracts to supply fruit for processing under the Supply Agreements it has in place. The solvency of these olive farms may impact on the ability of the Company to access olive produce to carry out its core business of processing olive oil and table fruit.

Performance Risks

The Company has in place Supply Agreements with olive production farms. The Agreements stipulate certain performance criteria that must be met by the Company. Whilst every effort will be made by the Company to ensure performance criteria are met, the risks of non performance could result in the Processing and Supply Agreements being terminated.



Equipment risk

No contingency has been allowed for breakdown or malfunction of machinery and equipment acquired and to be required by the Company from foreign suppliers. It is anticipated that equipment suppliers will have agents who can service and repair equipment and machinery which will assist in remedying breakdowns and restoring operations. The Directors believe that the suppliers of the initial seven tonne olive oil for example, have agents who service and repair olive processors sold in Australia. The risk for the Company occurs with processing delays involved in restoring equipment and machinery to operational levels.

15.3 RISKS ASSOCIATED WITH INVESTING IN THE COMPANY

Liquidity Risk

You may not be able to sell your investment promptly or at all. The risk exists because there is no established secondary market for the Shares issued. Any sale of Shares is subject to the provision of the Company Constitution and is dependent on the ability to find a willing buyer of the Shares. The Company is not compelled to find a buyer of those Shares. However, the Company will use reasonable endeavours to assist in the process of finding a willing buyer.

Income Risk

The level of dividends paid can rise or fall dependent on the profitability of the Company and are made at the discretion of the Board in the best interest of the Company and its Shareholders. At present the Company does not pay dividends nor does the Company have a dividend distribution policy.

Compliance Risk

The Company is bound by the Corporation Act and ASIC Policy. If AGG (the Responsible Entity) does anything to jeopardise its AFSL then ASIC may take action to suspend or revoke the license, which in turn could adversely impact the Company and in the case of the Brooklyn Park Olive Groves Projects, adversely affect its suppliers.

15.4 RISKS ASSOCIATED WITH FUNDING

Financing Risks

Borrowings have the potential to magnify gains or losses and increase the volatility of returns. There is also a risk that the Company may not be able to source future funding if it is required.

Interest Rate Risk

Unfavourable movements in interest rates could lead to increased interest expenses. This could result in a reduction of the Company's dividends (if any), or in extreme circumstances, failure to meet interest obligations.

15.5 RISKS ARISING FROM RELATIONSHIP WITH AGG

Australian Green & Gold Limited as an Investor

AGG is one of the initial seed shareholders in the Company. AGG (or its nominated related entity) intends to hold 20% of the Shares at full subscription. An Equity Stabilisation Deed has been signed for this purpose. Details of this deed can be found at section 16.4.

Australian Green & Gold Limited as Responsible Entity

AGG is the holder of an AFSL. AGG is also the Responsible Entity for the Brooklyn Park Olive Groves and Brooklyn Park Organic Olive Groves Managed Investment Schemes. If AGG does anything to jeopardise its AFSL then ASIC may take action to suspend or revoke the license, which in turn could adversely impact the Company and in the case of the Brooklyn Park Olive Groves and Brooklyn Park Organic Olive Groves Managed Investment Schemes, adversely affect its Suppliers.

Conflicts of Interest

These may arise through management and purchase and supply issues which are introduced through AGG or Related Entities or obligations of Directors who are the directors of other related parties, or through the flow of confidential information. Where there may be conflicts of interest, the Directors have an overriding legislative duty to act in the best interests of the Company.

15.6 OTHER RISKS

Economic Risk

Company dividends may be declared by the Board based on Company profitability which can be affected by a range of economic factors, including changes in interest rates, exchange rates, inflation, general market conditions, government policy (including taxation and monetary policy and other laws), fluctuations in general market prices for commodities and other tradeable investments and the general state of the domestic and world economies.

Taxation Risk

Future changes in tax laws or their interpretation could affect the tax treatment of any Shares purchased or dividends received. Independent taxation advice should be sought in relation to this matter.

Special Use Property Risk

The Processing Facility Land is to be used for the processing and pickling of olives. These two factors mean:

- (a) it could be difficult to find a buyer for the Processing Facility Land if it is ever sold;
- (b) it could be difficult to find a buyer for the Property or to realise its full value if there is negative buyer sentiment (for example, occasioned by an agricultural downturn, drought or economic liability of growing and selling olives).

15.7 MARKET RISKS

Market for Olives and Olive Products

In 2002-03, Australia imported 32,748t of olive oil (30% extra virgin) valued at \$139 million. The average annual growth rate of olive oil imports has been 17% for the past 10 years in Australia.

There is a great opportunity for the development of a large scale olive industry in Australia to replace a substantial percentage of the olive produce currently imported into Australia.

A decline in the demand for olives and olive products or an oversupply of olives in the market, could adversely affect the Company's prospects or financial position. Australian Green & Gold Limited anticipates continued growth of the market. The Manager has considered the present demand for olives in the light of supply presently available and the likely availability of olives from existing immature groves. No guarantee can be given as to the market's future olive requirement.

15.8 RISK MANAGEMENT

Whilst it is almost impossible to eliminate risk, it is important to understand where the risks are and to manage them to minimise the level of exposure the Company has to individual risks.

AGG has in place a comprehensive risk management plan that address each individual risk and issues a risk rating to each risk based on key factors such as likelihood of risk, impact of the risk and an overall risk rating of low, medium or high. The risk management plan is reviewed six monthly by the Board taking into account each risk, any change of status to the risk or impact on the business of the Company. The top five risks are reviewed quarterly at the meeting of the Board.

15.9 GENERAL COMMENTS

As a result of the risks outlined in this section and other investment risks, investors should expect that the value of Company Shares and revenue may fluctuate. Consequently the value of Shares and the amount of any dividend distribution may rise or fall and investors may suffer losses.

It is important to note that not all risks can be foreseen. It is therefore not possible for AGG or AGGOPL to protect the Company from all risks. Investors should ensure they obtain appropriate professional advice regarding the suitability of an investment in the Company having regard to their individual circumstances including investment objectives, their level of borrowings, their financial situation and individual needs.





16.1 SUMMARY OF SIGNIFICANT DOCUMENTS

Copies of the following documents are available free of charge from AGG by calling AGG's head office or emailing the administration manager email address on info@olivegroves.net. Applicants should consider whether it is necessary for them to obtain independent advice on any of the documents.

16.2 CONSTITUTION

As with all Companies, the Constitution is the primary document governing the relationship between the Shareholders and the Company, and with the Corporations Act, governs your rights as an investor. A copy has been lodged with ASIC. It contains extensive provisions about the legal obligations of the parties and the rights and powers of each. In particular, the Constitution allows AGGOPL to issue different classes of shares from time to time having different rights and obligations to the ordinary Shares issued under this Prospectus.

The rights attaching to ownership of Shares are detailed in the Constitution. The following is a summary of the major provisions of the Constitution.

(a) Meeting procedures

Every shareholder is entitled to receive 21 days' notice of and to attend general meetings of the Company.

(b) Rights of ordinary shareholders

- (i) Subject to any rights or restrictions on voting from time to time attaching to any class of Shares in the Company, the Shares in the Company carry the right to cast one vote on a show of hands and, on a poll, one vote for each fully paid share held. For each partly paid share held, shareholders are entitled to a vote having the same proportionate value as the proportion to which the share has been paid up. Voting may be in person or by proxy, attorney or representative.
- (ii) Shareholders have the right, in the winding up of the Company, to participate in surplus assets of the Company equally with each other and in proportion to the amount of capital paid up, or which ought to have been paid up, on the shares.

- (iii) Subject to the Corporations Act and any special rights or restrictions attaching to any shares, the Directors may from time to time declare and pay a dividend, payable on all Shares in proportion to the amount of capital paid up on the shares.

(c) Variation of rights

At present, the Company has only ordinary Shares on issue. If the share capital is at any time divided into different classes of Shares, all or any of the rights attaching to any class (unless otherwise provided by the terms of the issue of the Shares of that class) may only be varied or cancelled in the following circumstances:

- (i) with the written consent of the holders of 75% of the issued Shares of that class; or
- (ii) with the sanction of a special resolution passed at a separate general meeting of the holders of Shares of that class.

(d) Directors need not issue share certificates

The Company need not have ready for delivery a share certificate unless the shareholder requests in writing that the Company complete and deliver a certificate.

(e) Forfeiture of Shares

The Company is empowered to forfeit Shares in relation to which calls have been made or deemed to have been made and which remain unpaid in accordance with the constitution and the Corporations Act.

(f) Right to refuse registration of transfer

The Board may, in its absolute discretion and without assigning any reason therefore, refuse to register and may prevent or interfere in, any transfer of securities.

(g) Remuneration of Directors

- (i) Subject to (ii), the Directors are to be paid out of the funds of the Company as remuneration for their services as Directors, such sum accruing from day to day as the Company in general meeting determines to be divided among them in such proportion and manner as they agree or in default of agreement, equally.
- (ii) The Directors' remuneration for their services as Directors is by fixed sum and not a commission on or percentage of profits or operating revenue and may

not be increased except at a general meeting where particulars of the proposed increase have been given to the shareholders in the notice convening the meeting.

(h) Remuneration of Directors for extra services

Any Director who serves on a committee, or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Board are outside the scope of the ordinary duties of a Director, or who at the request of the Board engages in any journey on the business of the Company, may be paid extra remuneration as determined by the Board.

(i) Travelling and other expenses

Every Director is, in addition to any other remuneration provided for in these rules, entitled to be paid from Company funds all reasonable travel, accommodation and other expenses incurred by the Directors in attending meetings of the Company or of the Board or of any committees or while engaged on the business of the Company.

(j) Retirement benefits

Any Director may be paid a retirement benefit, as determined by the Board, in accordance with the Corporations Act. The Board is authorised to make arrangements with any Director with respect to the payment of retirement benefits in accordance with this rule.

(k) Partial takeover bids

The Company may prohibit registration of transfers purporting to accept partial takeover bids unless and until a resolution of the Company has been passed approving the offers in accordance with the provisions of the constitution.

(l) Indemnities and insurance

(i) The Company must indemnify current and past directors, secretaries and executive officers of the Company against any liability incurred by them by virtue of their holding office as, and acting in the capacity of, director, secretary or executive officer, other than a liability owed to the Company or a related body corporate of the Company or a pecuniary penalty order or compensation order where the liability does not arise out of conduct in good faith. Indemnities also

apply to employees in circumstances designated under the constitution.

(ii) The Company may also pay insurance premiums for officers and employees in certain designated circumstances but not where the liability arises out of a wilful breach of duty to the Company or an improper use of position or inside information, as prohibited by the Corporations Act.

16.3 SALE OF PROCESSING EQUIPMENT AGREEMENT

Purchase of the seven tonne olive oil processor was made from Amenduni Nicola Spa of Modugno Bari, Italy. The terms of the purchase agreement are set out in the form of a pro forma invoice numbered no. 127/2008. The terms identify the support services available with the offer of purchase of the equipment. Included in the offer of purchase is the provision of resources for start up testing and calibration after installation. The terms also include two weeks – ten days technical training for all relevant staff in the correct use of the machine. Provision is made for testing of the machine and the capacity performance control in the presence of all staff of AGGOPL. Amenduni Nicola Spa provide for a specialist technician to be available at the AGGOPL processing facility for a minimum of 45 days from the date of the first processing.

16.4 EQUITY STABILIZATION DEED

An equity stabilization deed has been entered into between the Company, AGG and Horticultural Developments Pty Ltd relating to the Existing Shares and the percentage of shares which AGG and Horticultural Developments Pty Ltd are to hold in the future. All parties have agreed that the percentage of Existing Shares held by each of AGG and Horticultural Development Pty Ltd as a percentage of all issued shares shall not exceed 10%. If the percentage is higher, then the excess shares will be sold down (voluntarily or by action taken by the Company, including a share buy-back) so that the combined percentage of Existing Shares as a percentage of to all issued shares does not exceed 20% in total. This deed does not affect the ability of either AGG or Horticultural Development Pty Ltd to buy or acquire extra shares in the Company. However, the deed does reflect the intention that the reward or benefit to be provided by the Company to AGG and Horticultural Development Pty Ltd for interest free loans should be limited to an aggregate 20% in terms of their equitable interest in the Company through the Existing Shares.

16.5 STAGE 1 – LOAN AGREEMENTS

AGGOPL has entered into loan agreements with Australian Green & Gold Limited and Horticultural Developments Pty Ltd for the amounts of \$852,216 and \$122,289 respectively. The terms of both loans are identical. Included in the terms of the loans is the ability to increase the loan amount if necessary. Both are unsecured, no interest loans for a 15 year term. Repayments are to be made from the proceeds of the issue under this Prospectus. Should the funds raised under this Prospectus be insufficient to repay the loan, the agreements permit repayment as and when cash flow becomes sufficient to make such repayments or in the event the Company is liquidated.

16.6 MANAGEMENT AGREEMENT

AGGPOL has appointed AGG to manage the Company and formalised under a Management Agreement. The initial term of the agreement is for ten years with an option to extend for a further five years, each year fees adjusted to CPI. Either party have a right to terminate the Management Agreement giving written notice by either party under the terms of termination detailed in the Management Agreement.

Pursuant to the agreement, AGG will perform the following specific duties:

- (a) carry out all operational day to day functions of the Company;
- (b) manage the financial and strategic management of the Company;
- (c) manage all liaison with Shareholders of the Company and provide full registry services; and
- (d) at all times act in the best interest of the company and its shareholders.

In addition to the above specific duties AGG must perform a number of general duties including using all reasonable endeavours to achieve the Company's objectives.

In consideration of AGG performing its obligations under the Management Agreement, AGG is entitled to be paid an annual management fee of \$50,000 per annum (excl. GST) should Stage 1 and or Stage 2 be reached or a management fee of \$100,000 per annum (excl. GST) should Stage 3 be reached. All costs to the company will be reimbursed on a cost recovery basis, including any resources and /or infrastructure shared and an annual management fee paid and renegotiated annually and adjusted to CPI will be paid annually in arrears.

The agreement will end on expiration of the initial term unless terminated by either party. Generally either party may terminate by giving 30 days written notice. An immediate right of termination will arise in either case of: (a) written notice has been given in the circumstances of insolvency; or (b) where a material default has occurred and not been rectified after 30 days written notice has been issued.

16.7 PROCESSING AND SUPPLY AGREEMENTS

AGGOPL has signed Processing and Supply Agreements with Australian Green & Gold Limited as Responsible Entity and Managers for the Brooklyn Park Olive Groves Managed Investment Scheme, the Brooklyn Park Organic Olive Groves Bonni Foi Managed Investment Scheme (commenced 1 July 2008), Huntley Group Limited as Responsible Entity for the Australian Olives Project 4, 5 and 6 Managed Investment Schemes (commenced 3 September 2008) and Barkworth Olive Groves Limited (commenced 1 July 2008). These agreements give AGGOPL access to over 1500 hectares of olive production farming for processing.

Each agreement is for a term of 3 years from their commencement date, with extensions of these arrangement by agreement of the parties.

The agreements require the notification of estimated tonnage 60 days prior to harvest, which provides greater certainty as to cashflow, allowing other suppliers to be sourced prior to harvest if needed. The agreements are also generally conditional on: (a) the AGGOPL being satisfied with the quality and quantity of the olives; and (b) the supplier being satisfied with the conditions and capacity of the facility, which ensures both parties are responsible for ensuring the best possible products are produced.

Processing terms and prices are set out in these agreements with the main variables to production and processing being the quantity and quality of the olives. Generally, title and risk in the olives lay with the supplier, mitigating to an extent financial risk to AGGOPL.

The agreements are able subject to immediate termination generally if either party: (a) has receivers appointed over the party; (b) enters into an arrangement for the benefit of their creditors; (c) is unable to pay its debts; or negligent, responsible for misconduct or dishonesty which is not rectified within 14 days of written notice.

16.8 DEEDS OF ACCESS AND INDEMNITY

The Company proposes, in accordance with accepted practice, to grant each of the Directors:

- (a) an indemnity against any liability (including legal costs) incurred by virtue of their holding of office with the Company other than in respect of certain matters;
- (b) an assurance to arrange appropriate Directors' and Officers' insurance cover as soon as that cover is realistically available to the Company; and
- (c) access to the books and records of the Company, but subject to the usual non-disclosure requirements for confidential information.

Neither the Company nor any of the Directors are aware of any act, matter or thing which may give rise to a claim under those indemnities.

16.9 PROSPECTUS EXPENSES

The costs of issuing the prospectus will include:

	Cost (including GST)
(a) legal costs (estimated)	\$82,550
(b) expert's report	\$4,538
(c) printing costs (estimated)	\$20,000
Total	\$107,088

The costs of these expenses are intended to be met from operating revenue or from short term borrowings which will be repaid out of operating revenue.

16.10 CONSENTS

All of the parties listed below have given and not withdrawn their consent at the time of issue of this Prospectus.

- (a) McCullough Robertson has given, and has not before lodgement of this Prospectus with ASIC withdrawn, its written consent to be named as Lawyers for the Company in the form and context in which it is named.
- (b) Rodney Bell of McCullough Robertson has given, and has not before lodgement of this Prospectus with ASIC withdrawn, his written consent to be named and for his report to be included in the prospectus for the Company in the form and context in which he is named and his report included.
- (c) Cranstoun and Hussein has given, and has not before lodgement of this Prospectus with ASIC withdrawn, its written consent to be named as Company Auditor, in the form and context in which it is named.

- (d) Australian Green & Gold Limited has given, and has not before lodgement of this Prospectus with ASIC withdrawn, its written consent to be named as Share Registry in the form and context in which it is named.
- (e) Pengala Pty Ltd trading as Modern Olives has given, and has not before lodgement of this Prospectus with ASIC withdrawn, its written consent for the inclusion of its Feasibility Report(s) in section 11 of this Prospectus in the form and context in which it is included.
- (f) Australian Green & Gold Limited has given, and has not before lodgement of this Prospectus with ASIC withdrawn, its written consent for the use of text attributable to it in this Prospectus in the form and context in which it is included.

16.11 LITIGATION

AGGOPL is not involved in any material legal or arbitration proceedings nor, so far as the Company is aware, are any such material proceedings pending or threatened against the Company.

16.12 INTERESTS OF EXPERTS AND ADVISERS (SECTION 711 OF THE CORPORATIONS ACT)

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- (a) has any interest or has had any interest during the last two years, in the formation or promotion of AGGOPL, or in property acquired or proposed to be acquired by AGGOPL in connection with its formation or promotion, or the Offer of the Shares; and
- (b) no amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of AGGOPL, or the Offer of the Shares.

McCullough Robertson has acted as legal adviser to the Company in relation to the Offer and has been involved in undertaking due diligence enquiries and providing legal advice in relation to the Offer including preparation of the Solicitors' Letter in section 12 of this Prospectus. McCullough Robertson has been paid an amount of \$5,848.39 (excluding GST) for legal fees incurred in the acquisition of the Processing Facility Land and will be paid an amount of \$75,000 (excluding GST) plus disbursements in respect of advice and work done on the Prospectus.

Leandro Ravetti of Modern Olives has prepared the letter and feasibility report in section 11 and has been paid an amount of \$4,125 (excluding GST) in respect of these services.

16.13 INTERESTS OF DIRECTORS AND PROMOTERS (SECTION 711 OF THE CORPORATIONS ACT)

Other than as set out below or elsewhere in this Prospectus:

- (a) no Director or proposed Director or promoter of AGGOPL has, or has had in the two years before lodgement of this Prospectus with ASIC, any interest in the formation or promotion of AGGOPL, or the Offer of Shares, or in any property proposed to be acquired by AGGOPL in connection with its formation or promotion of the Offer of the Shares; and
- (b) no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director either to induce him or her to become, or to qualify him or her as a Director, or otherwise for services rendered by any Director or proposed Director or promoter of AGGOPL in connection with the promotion or the Offer of Shares.

Directors' Shareholdings

The Directors of AGGOPL or their associates have no beneficial interest in any of the Shares in AGGOPL.

Transactions with related parties

Peter Graham Shakspeare is a director and shareholder of Horticultural Developments Pty Ltd which has provided non-interest bearing loans to the Company in respect of which the loan amounts advanced is to be repaid out of funds raised as disclosed in section 3. Horticultural Development Pty Ltd holds 875,000 Existing Shares.

Natalie Paul is a director and shareholder of Horticultural Developments Pty Ltd which has provided non-interest bearing loans to the Company in respect of which the loan amounts advanced is to be repaid out of funds raised as disclosed in section 3. Horticultural Development Pty Ltd holds 875,000 Existing Shares.

Stephen John Morrow is a director and shareholder of Horticultural Developments Pty Ltd which has provided non-interest bearing loans to the Company in respect of which the loan amounts advanced is to be repaid out of funds raised as disclosed in section 3. Horticultural Development Pty Ltd holds 875,000 Existing Shares.

Peter Graham Shakspeare is a director and shareholder of Australian Green & Gold Limited (**AGG**) which has provided non-interest bearing loans to the Company in respect of which the loan amounts advanced is to be repaid out of funds raised as disclosed in section 3. AGG holds 875,000 Existing Shares.

Oliver John Morgan is a director and shareholder of Australian Green & Gold Limited which has provided non-interest bearing loans to the Company in respect of which the loan amounts advanced is to be repaid out of funds raised as disclosed in section 3. AGG holds 875,000 Existing Shares.

Natalie Paul is a director of Australian Green & Gold Limited which has provided non-interest bearing loans to the Company in respect of which the loan amounts advanced is to be repaid out of funds raised as disclosed in section 3. AGG holds 875,000 Existing Shares.

Stephen John Morrow is a director of Australian Green & Gold Limited which has provided non-interest bearing loans to the Company in respect of which the loan amounts advanced is to be repaid out of funds raised as disclosed in section 3. AGG holds 875,000 Existing Shares.

Christopher John Castles is a director of Australian Green & Gold Limited which has provided non-interest bearing loans to the Company in respect of which the loan amounts advanced is to be repaid out of funds raised as disclosed in section 3. AGG holds 875,000 Existing Shares.

Payments to Directors

The Constitution provides that the Directors may be paid, as remuneration for their services, a sum determined from time to time by AGGOPL's shareholders in general meeting, with that sum to be divided amounts the Directors in such manner and proportion as they agree.

It has been agreed that no fees will be paid to Directors for the year ending 30 June 2009.

16.14 PRIVACY

Upon applying for Shares in the Company, Applicants will be required to provide personal information to AGGOPL directly and/or via the share registry, such as name, address, telephone/fax numbers, tax file number and account details. The Company and the share registry collect, hold and use that personal information to assess Applications, provide facilities and services to applicants and undertake appropriate administration. Access to information may be disclosed by the Company to its agents and

service providers on the basis that they deal with such information in accordance with the Privacy Act 1988 as amended. Applications which do not provide the information requested may not be processed. Under the Privacy Act 1988 as amended, Applicants may request access to their personal information held by or on behalf of the Company by contacting the share registry as set out in the Directory.

16.15 AUTHORISATION

Each Director has consented to the lodgement of the Prospectus with ASIC as required by section 720 of the Corporations Act.



directors' report

Australian Green and Gold Olive Processors Limited

The Directors report that, in their opinion, since 31 January 2009 being the date of an unaudited balance sheet prepared for the Company referred to in section 13 of this Prospectus, there have not been any circumstances that have materially affected, or will materially affect the value of the assets and liabilities of the Company, except as disclosed in the Prospectus.

The Directors have made all reasonable enquiries in the preparation of this Prospectus and, after doing so, have reasonable grounds to believe that statements made by the Directors in this Prospectus are not misleading or deceptive. The Directors have also made reasonable enquiries in relation to statements made in this Prospectus by persons other than Directors, and have reasonable grounds to believe that the persons making these statements are reliable and competent. Those persons have given their consent to their statements being included in this Prospectus in the form and context in which they appear, and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

This Prospectus is issued by Australian Green and Gold Olive Processors Limited. The issue of this Prospectus has been authorised by the Directors and this Prospectus is signed by the Managing Director on behalf of the Directors. Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed on behalf of Australian Green and Gold Olive Processors Limited and for directors:



Peter Shakspeare
Managing Director

application form and guidelines



GUIDE TO THE APPLICATION FORM

Please complete all relevant sections of the Application Form using BLOCK LETTERS. These instructions are cross referenced to each section of the Application Form. Further particulars and the correct forms of registrable names to use on the Application Form are contained in the table below.

- A** Insert the number of Shares you wish to apply for.
The Application must be for a minimum of 2,600 Shares and in multiples of 1,300 thereafter.
- B** Insert the relevant amount of Application monies.
To calculate your Application monies, multiply the number of Shares applied for by the Application Price.
- C** Write the full name you wish to appear on the statement of shareholdings. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable name. Applications using the wrong form of name may be rejected.
- D** Enter your Tax File Number (TFN) or exemption category. Where applicable, please enter the TFN for each joint Applicant. Collection of TFNs is authorised by taxation laws. Quotation of your TFN is not compulsory and will not affect your Application.
- E** Please enter your postal address and email address (if you wish) for all correspondence. All communications to you from the Company will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.
- F** Please enter your telephone number(s), area code and contact name in case we need to contact you in relation to your Application.
- G**
- Please complete cheque details as requested:
 - Make your cheque payable to 'Australian Green and Gold Olive Processors Limited Share Account' in Australian currency and cross it 'Not Negotiable'. Your cheque must be drawn on an Australian Bank.
 - The amount should agree with the amount shown in B.
 - Sufficient cleared funds should be held in your account, as cheques returned unpaid are likely to result in your Application being rejected.
 - Pin (do not staple) your cheque(s) to the Application Form where indicated.

When you apply for shares in Australian Green and Gold Olive Processors Limited (AGGOPL), AGGOPL may collect personal information about you, such as your name, address, phone/fax numbers, email address, gender, the name and address of your accountant, stockbroker or securities dealer ('your nominated professionals'), and tax file number, primarily for the purpose of processing this application on your behalf, communicating with you in relation to your holding or communicating with your nominated professionals. Personal information may be disclosed by AGGOPL to the Australian Taxation Office or other government authorities or agencies as required by law, or to other entities for the purpose of carrying out the above activities. Such information may also be disclosed to your nominated professionals and others with your authority. You may access personal information we hold about you in accordance with the AGGOPL Privacy Policy, a copy of which is available upon request. If you require further information, please contact us at the address set out below.

Correct form of REGISTRABLE Title

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Australian Green and Gold Olive Processors Limited. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of correct forms of registrable title below:

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Minor (a person under the age of 18) Use the name of a responsible adult, do not use the name of the minor.	John Alfred Smith <Peter Smith>	Peter Smith
Company Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts Use trustee(s) personal name(s), do not use the name of the trust	Mrs Sue Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use executor(s) personal name(s), do not use the name of the deceased	Ms Jane Smith <Est John Smith A/C>	Estate of late John Smith
Partnerships Use partners personal names, do not use the name of the partnership	Mr John Smith and Mr Michael Smith <John Smith and Son A/C>	John Smith and Son

Type of Investor	Correct Form of Registrable Title	Incorrect Form of Registrable Title
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s), do not use the name of the club etc.	Mr Michael Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use name of trustee of the fund, do not use the name of the fund	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicant(s) and/or account description using < > as indicated above in designated space(s) at Section C on the Application Form.



Australian Green and Gold Olive Processors Limited

PIN CHEQUE(S) HERE
DO NOT STAPLE

ABN 16 131 824 907

Share Registrars Use Only

APPLICATION FORM FOR NEW SHARES

To meet the requirements of the Corporations Act, this Application Form must not be handed on to another person unless accompanied by the Prospectus.

PLEASE READ ALL INSTRUCTIONS ON REVERSE OF THIS FORM

Write the number of Shares you are applying for here

Minimum of 2,600 Shares in multiples of 1,300 thereafter

A

X A\$1.00 =

B

A\$.00

(Please make sure that the amount of your cheque(s) equals this amount.)

Write your name here

C

Title, Given Name(s) (no initials) and Surname or Company Name

Joint Applicant 2 or <account name>

Joint Applicant 3 or <account name>

D

Enter your Tax File Number(s)
(or exemption category)

Write your address here

E

Number/Street

Suburb/Town

Email

F

() _____
Contact Number (work)

() _____
Contact Number (home)

Contact Name (print)

G

DRAWER	BANK	BRANCH	BSB No.	TOTAL AMOUNT OF CHEQUE ENCLOSED
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$
DRAWER	BANK	BRANCH	BSB No.	TOTAL AMOUNT OF CHEQUE ENCLOSED
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$

PAYMENT AND PROCESSING ARRANGEMENTS

Please return the signed Application Form together with your cheque for the amount payable i.e. number of Shares applied for multiplied by \$1.00 payable to Australian Green and Gold Olive Processors Limited Share Account and provide the same:

By Post to:

Australian Green and Gold Olive Processors Limited
PO Box 430
PADDINGTON QLD 4064

By Delivery to:

Australian Green and Gold Olive Processors Limited
Level 1
71/283 Given Terrace
PADDINGTON QLD 4064

So as to be received not later than 5:00pm (Brisbane time) on 23 March 2010.

Alternatively, return or post the signed Application Form to Australian Green and Gold Olive Processors Limited by the closing time and date mentioned and direct deposit your payment amount for the Shares applied for to:

To: St George Bank Limited

BSB: 334-005 Account No: 552999043

being the account named: Australian Green and Gold Olive Processors Limited Share Account

Use your surname as the transaction reference

ACCEPTANCE

By signing this application form, you agree:

- To accept a lesser number of Shares then applied for if total applications exceed the available number of shares;
- To accept the terms of the offer and agree to be bound by the Constitution of the Company

PLEASE SIGN AND DATE HERE

.....

Date: / /