



22 December 2010

The Manager
Company Announcements Office
ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Sir/Madam

Corporate Transaction

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| <ul style="list-style-type: none">• TAKE OVER BID AT \$0.012 per share• 2.7M CAPITAL RAISING, PARTIALLY UNDERWRITTEN• NEW STRATEGIC FOCUS ON GROWTH AND EARNINGS |
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Frankland River Olive Company Limited (ABN 29 089 521 997) ("**Company**") has today entered into an agreement with Toscana (WA) Pty Limited ("**Toscana**"), a company associated with Mr Paul Letari, a director of the Company.

Under the agreement:

- The Company and Toscana vary the loan agreement between the Company and Toscana dated 24 November 2010, so that Toscana will:
 - immediately lend the Company \$200,000; and
 - upon acceptance of its takeover offer by at least 28.91% of the Company's shareholders, provide the Company with the balance of the loan funds of \$800,000.
- Toscana will make a bid for all of the Company's ordinary shares that it does not already own ("**Offer**"), at an offer price of \$0.012 per share and otherwise on the terms set out in the attachment to this announcement. The parties will use reasonable efforts to progress the Offer as expeditiously as possible.
- The Company will as soon as practicable in the New Year after the Offer has closed undertake a rights issue to raise approximately \$2.75m. The issue will be partially underwritten (on normal terms and conditions) by Toscana to \$2,102,512, with the funds raised to be applied, amongst other things, to repay loans to Toscana totalling \$2,102,512.

The Company's Chairman, Craig Readhead, said: "The Company's independent directors are pleased that shareholders will be given the opportunity to exit under the takeover at a price that is a 50%

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premium to the Company's closing share price (\$0.008) as of 29 November 2010. Alternately, shareholders may participate in the rights issue to help re-capitalise the Company."

Funds raised under the rights issue will be used to reduce bank debt, retire shareholder loans totalling approximately \$2.1m and provide working capital.

The Company's directors intend to retain their interests in the Company and to participate in the rights issue. Shareholders associated with Mr Gordon Martin, the Company's largest shareholder, have advised the Company that their present intention is to accept the takeover offer, absent a superior offer.

Toscana's ultimate shareholding in the Company depends on the level of participation in the takeover and rights issue, however is anticipated to be approximately 71.17% of the Company's issued share capital, assuming:

- Mr Martin's associates and 20% of the Company's other shareholders accept into the bid; and
- a 20% take-up under the rights issue.

As required by the Corporations Act, the Company's directors will commission an independent expert's report to accompany the target's statement, which is anticipated to be dispatched sometime in February 2011.

Toscana and its group of companies is a private diversified family company with interest and expertise in industrial property, building, industrial sign manufacturing, cattle farming, pumps and capital equipment trading. Director, Paul Letari, said 'Agriculture plays an important part in our economy and whilst most focus is on resources we see the importance of agriculture produce for the generations ahead of us. We are of the firm view that Jingilli olive oil is amongst the finest quality in the world and see growth of this brand globally'.

The Company is advised by Allion Legal.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Carr', with a long horizontal flourish extending to the right.

David Carr
Managing Director

Terms and conditions of the Offer

1. Bid price of \$0.012 per share
2. Conditional upon:
 - a. Minimum acceptance – Acceptance by holders of at least 28.91% of the Company's issued share capital.
 - b. Prescribed occurrences – Between the date of this announcement and the end of the offer period (each inclusive), no prescribed occurrences (the events listed in section 652C(1) and (2) of the Corporations Act) occurs.
 - c. No regulatory action – Between the date of this announcement and the end of the offer period (each inclusive):
 - i. there is not in effect any preliminary or final decision, order or decree issued by a government agency;
 - ii. no action or investigation is announced, commenced or threatened by any government agency; and
 - iii. no application is made to any government agency (other than by Toscana or any of its associates),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of, Chapters 6, 6A, 6B, or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede the making of the Offer or the acquisition of the Company's shares under the Offer or the completion of any transaction contemplated by the bidder's statement, or seeks to require the divestiture by Toscana of any of the Company's shares, or the divestiture of any material assets of the Company.