



11 May 2015

Ben Tippet  
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ASX Compliance Pty Limited  
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**Frankland River Olive Company Limited (the "Company")**

I refer to your letter dated 07 May 2015 in relation to the Company's Quarterly Report in the form of Appendix 4C for the period ended 31 March 2015, released to ASX Limited ("ASX") on 29 April 2015 (the "Appendix 4C").

In response to your queries, I advise as follows:

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter (and at the rate anticipated for the next quarter) indicated by the Appendix 4C, the Company may not have sufficient cash to fund its activities for the next quarter. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?

The Company's production is increasing due of better management and fertiliser application. The price of oil has increased substantially in Europe as well.

2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?

Frankland River Olive Company do not expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter. The Company remains fortunate to have the on-going financial support of its largest shareholder Toscana (WA) Pty Ltd which has previously agreed to provide working capital as and when required to supplement the Company's existing cash flows until

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such time as the full year benefits of the ongoing restructure which commenced over 12 months ago take effect and fully flow through.

3. To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?

The Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C does not match the Company's anticipated revenues and expenses for that reporting period.

4. If the Company's actual revenues and expenses are not substantially in accordance with Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline circumstances that may have had an effect on the Company's revenues and expenses.

The Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses in January and February. As we received a huge amount of payroll tax penalty at end of last year and we fully paid that amount in January and February this quarter.

5. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?

In addition to the steps referred to at 2, the Company's new marketing strategies which have successfully negotiated with Supermarket West WA (Food Works and Famerjacks and setting up further negotiation with Food Words and Famerjacks for distributions with their distribution and logistics company in NSW and VIC. Setting up negotiation with national buyer for distribution NSW and VIC. Strategic marketing plan is being put in place for further expansion to Coles supermarket to meet the Company's business objectives.

6. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

Yes, the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1.

7. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

The company compliance with listing rule 12.2, the composition of the balance sheet, relative size of liabilities to assets and access to funds will improve in next quarter.

I trust that you find the above in order. Please feel free to contact me with any further questions.

Yours sincerely



Paul Letari

Director

For and on behalf of

FRANKLAND RIVER OLIVE COMPANY LIMITED





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7 May 2015

Sherry Jin  
Company Secretary  
Frankland River Olive Company Limited  
PO Box 388  
Welshpool WA 6986

Dear Ms Jin

**Frankland River Olive Company Limited (the “Company”)**

I refer to the Company’s Quarterly Report in the form of Appendix 4C for the period ended 31 March 2015, released to ASX Limited (“ASX”) on 29 April 2015 (the “Appendix 4C”).

ASX notes that the Company has reported the following.

1. Receipts from customers of \$225,000.
2. Net negative operating cash flows for the quarter of \$85,000.
3. Cash at end of quarter of \$76,000.

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter (and at the rate anticipated for the next quarter) indicated by the Appendix 4C, the Company may not have sufficient cash to fund its activities for the next quarter. Is this the case, or are there other factors that should be taken into account in assessing the Company’s position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. To what extent have the Company’s actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company’s anticipated revenues and expenses for that reporting period?
4. If the Company’s actual revenues and expenses are not substantially in accordance with the Company’s anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company’s revenues and expenses.
5. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?

6. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
7. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to **Ben.Tippett@asx.com.au**. It should not be sent to the ASX Market Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **3.00 pm WST on Monday 11 May 2015**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

*[sent electronically without signature]*

Ben Tippett  
**Adviser, Listings Compliance (Perth)**