



27 May 2016

ASX Market Announcements Office
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir

Frankland River Olive Company Limited (the **Company**) advises that it has now received the following documents from Toscana (WA) Pty Ltd (**Toscana**) in relation to Toscana's compulsory acquisition process (first announced to ASX on 21 March 2016).

1. Letter to Company shareholders;
2. Compulsory Acquisition Notice (Form 6024);
3. Objection Form; and
4. Independent Expert's Report.

A copy of these documents is attached.

Yours faithfully

Mia Iva Civa
Company Secretary



27th May 2016

The Directors
Frankland River Olive Company Limited
First Floor
1 McDowell Street
Welshpool WA 6106

Dear Directors

We refer to our letter dated 29th March 2016.

Upon ASIC's nomination and in accordance with section 667A of the Corporations Act, we engaged RSM Corporate Australia Pty Ltd to prepare an independent experts report on whether Toscana's proposed terms of the compulsory acquisition give a fair value for the ordinary shares in Frankland River Olive Company Limited (**Company**).

We have now received the independent expert's report. Please find attached a copy of the following documents to be sent to holders of ordinary shares in the Company:

1. Letter to shareholders of the Company;
2. Compulsory Acquisition Notice Form 6024 for the ordinary shares which includes an acquisition price of \$0.004 per ordinary share;
3. Objection Form; and
4. Independent Expert's Report of RSM Corporate Australia Pty Ltd dated 27 May 2016, which concludes that \$0.004 per ordinary share gives a fair value for the ordinary shares.

We confirm that the enclosed documents were lodged with ASIC and the ASX today. Toscana will dispatch the enclosed documents to holders of ordinary shares in the Company today or tomorrow pursuant to section 664C(3) of the Corporations Act.

Yours faithfully

Ivo Paul Letari
Managing Director



27th May 2016

Dear Frankland River Shareholder

On 29th March 2016 Toscana (WA) Pty Ltd (**Toscana**) acquired ordinary shares in Frankland River Olive Company Limited (**Company**) on market. As a result, Toscana now holds a full beneficial interest in approximately 91.63% of the ordinary shares in the Company, and is a “90% holder” for the purposes of the Corporations Act 2001 (Cth) (**Corporations Act**).

Pursuant to the procedure set out in Part 6A.2 of the Corporations Act, Toscana is entitled to compulsory acquire the remaining ordinary shares in the Company that it does not already hold a full beneficial interest in.

Toscana encloses by way of service:

1. A notice of compulsory acquisition – ASIC Form 6024 (**Notice Form**);
2. A copy of the Independent Expert’s Report of RSM Corporate Australia Pty Ltd dated 27th May 2016; and
3. A copy of the objection form (**Objection Form**), together the (**Compulsory Acquisition Notice**).

The Compulsory Acquisition Notice was lodged with ASIC and the ASX on 27th May 2016.

Toscana proposes to compulsory acquire the Company’s remaining ordinary shares for \$0.004 per share (**Acquisition**). The attached independent expert’s report concludes that \$0.004 per share gives a fair value for the ordinary shares on the basis that \$0.004 is higher than the assessed fair value of the ordinary shares of between \$nil and \$0.004 per share.

The Notice Form sets out certain rights available to you under the Corporations Act, including the right to obtain the names and addresses of other holders of ordinary shares from the Company’s register.

You may object to the Acquisition by completing and returning the attached Objection Form by 30 June 2016.

If less than 10% of shareholders object to the Acquisition, Toscana will proceed with the Acquisition and you will subsequently receive a letter setting out details for the payment of the consideration payable to you upon acquisition of your ordinary shares.



The Company will be automatically delisted from the ASX once Toscana gives the ASX notice that the objection period has ended and less than 10% of shareholders objected to the Acquisition.

Please call Sherry Jin on (08) 9494 2044 if you have any queries.

Yours faithfully

A handwritten signature in black ink, appearing to be 'I. Letari', followed by a horizontal line extending to the right.

Ivo Paul Letari
Managing Director

Notice of compulsory acquisition

Notice

Description of class of securities

Name of target company

Insert name of 90% Holder

Tick one box

Description of class of securities

Description of class of securities

Cash amount for the securities. This may be
expressed as an amount per security.

Period during which holders may return the
objection form. The period must be at least
one month.

Details of the consideration given for the
securities

To each holder of:

Class of securities ('the class')

Fully paid ordinary shares

in

Name ('the Company')

Frankland River Olive Company Limited

ACN/ARBN/ARSN

089 521 997

1. Toscana (WA) Pty Ltd

('the 90% holder')



holds either alone or with a related body corporate, full beneficial interests in at least 90% of the securities (by number) in the class.



has voting power of at least 90% in the Company and holds, either alone or with a related body corporate, full beneficial interests in at least 90% by value of all securities of the Company that are either shares or convertible into shares.

2. Under subsection 664A(3) of the Corporations Act 2001 ('the Act') the 90% Holder may compulsorily acquire all the

Fully paid ordinary shares

if less than 10% by value of holders in that class have objected to the acquisition by the end of the objection period set out in this notice or the Court approves the acquisition under section 664F of the Act.

3. The 90% Holder hereby gives notice that it proposes to compulsorily acquire

Fully paid ordinary share

that you hold for the cash amount of

\$ 0.004 per share

A notice sent by post to you is taken to be given to you 3 days after it is posted.

4. Under section 664E of the Act, you, (or anyone who acquires the securities during the objection period) have the right to object to the acquisition of your securities by completing and returning the objection form that accompanies this notice within

1 month

of receipt of this notice. The objection cannot be withdrawn.

5. You have the right to obtain the names and addresses of everyone else who holds securities in the class from the Company register.

6. Under section 664F of the Act, if 10% of holders of securities covered by this compulsory acquisition notice have objected to the acquisition before the end of the objection period, the 90% Holder may, within one month after the end of the objection period, apply to the Court for approval of the acquisition of the securities covered by this notice.

7. During the last 12 months the 90% Holder or an associate has purchased securities of the same class for

\$0.004 (11,593,956 ordinary shares)

Continued... Notice

Include any information that is known to the 90% Holder or any related bodies corporate that is material to deciding whether to object to the acquisition and has not been disclosed in an expert's report under section 667A of the Act.

8.

None

Signature


Name of person signing

Mr Ivo Paul Letari

Capacity

Director

Signature



Date signed

27/05/16
[D] [D] [M] [M] [Y] [Y]

CORPORATIONS ACT 2001 (CTH)
NOTICE OF OBJECTION

The Directors
Toscana (WA) Pty Ltd
C/- Kings Park Corporate Lawyers
Level 2, 45 Richardson Street
West Perth WA 6005

Facsimile: (08) 9226 5821
Attention: Julian Atkinson

Dear Sirs

Objection to compulsory acquisition

I/we refer to the notice of compulsory acquisition (**Notice**) dated 27 May 2016 relating to the ordinary shares in Frankland River Olive Company Limited (the **Company**) registered in my/our name.

I/we _____

of _____

telephone: _____

email: _____

being (a) registered shareholder(s) of the Company hereby notify Toscana (WA) Pty Ltd, that I/we object to the proposed compulsory acquisition of the ordinary shares held by me/us in the Company pursuant to this Notice.

This objection relates to all ordinary shares held by me/us in the Company that are covered by the Notice and held by me/us at the end of the objection period. I/we acknowledge that this objection cannot be withdrawn.

If this objection form is completed, signed and returned to the above address, I/we acknowledge and consent to a copy of this form being lodged with ASIC and my/our name and shareholding in the Company being included in a list to be lodged with ASIC, the Company and ASX.

Yours faithfully

Signature of director

Signature of director/company secretary
(Please delete as applicable)

Name of director (*print*)

Name of director/company secretary (*print*)

OR

Signature of shareholder

Signature of second shareholder (*if applicable*)

Name of shareholder (*print*)

Name of second shareholder (*if applicable*) (*print*)

Date



FRANKLAND RIVER OLIVE COMPANY LIMITED

Financial Services Guide and Independent Expert's Report

May 2016

We have concluded that the Consideration is Fair to the Non-Associated Shareholders of Frankland River Olive Company Limited

FINANCIAL SERVICES GUIDE

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

All our employees receive a salary.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints Resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll Free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact Details

You may contact us using the details set out at the top of our letterhead on page 1 of this report.

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www.rsm.com.au

Draft report dated: 26 May 2016

The Directors
Toscana (WA) Pty Ltd
PO Box 388
Welshpool, WA, 6986

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. INTRODUCTION

- 1.1 Toscana (WA) Pty Ltd ("Toscana") currently holds 521,539,369 of the issued ordinary equity of Frankland River Olive Company Limited ("Frankland River" or "the Company"), having recently increased its interest in Frankland River using the 3% creep provisions of the *Corporations Act 2001* ("Corporations Act" or "the Act").
- 1.2 As such Toscana holds a beneficial interest of 91.67% in value of all securities of Frankland River and, under Section 664A of the Corporations Act, may compulsorily acquire the remaining shares ("Shares") in Frankland River that it does not already own.
- 1.3 Toscana proposes to compulsorily acquire the 47,391,089 securities of Frankland River that it does not already own for a consideration of \$0.004 per share ("Consideration").
- 1.4 RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, has been nominated by the Australian Securities & Investments Commission ("ASIC") to prepare an Independent Expert's Report ("IER" or "the Report") which sets out our opinion on the fair value of the Shares for the purpose of the compulsory acquisition proceedings, pursuant to Sections 667C of the Corporations Act and ASIC Regulatory Guide 111 ("RG 111").

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

2. SUMMARY AND CONCLUSION

- 2.1 In our opinion, the fair value of a Frankland River share is in the range of \$nil to \$0.004.
- 2.2 The price to be paid to shareholders (as set out in the Compulsory Acquisition Notice) is \$0.004 per share. As the price to be paid to shareholders is greater than or equal to our range of values for the Shares, in our opinion, the terms proposed in the Compulsory Acquisition Notice give a fair value for the Shares.
- 2.3 This opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this report.

3. SCOPE OF THE REPORT

Purpose

- 3.1 Toscana currently owns 91.67% of the issued ordinary equity of Frankland River.
- 3.2 Under section 664A of the Corporations Act, Toscana may compulsorily acquire the remaining securities in Frankland River that it does not already own and must include, with the Compulsory Acquisition Notice, an expert's report under Section 667A.
- 3.3 Toscana proposes to compulsorily acquire the remaining issued shares that it does not already own for a consideration of \$0.004 per share ("the Consideration").
- 3.4 RSM has been engaged to prepare an IER to opine as to whether the Consideration is fair to the Non-Associated Shareholders for the purpose of the compulsory acquisition proceedings, pursuant to Section 667C of the Corporations Act.

Basis of Evaluation

- 3.5 Section 667C(1) of the Corporations Act sets out the steps for determining the "fair value" of securities as follows:
 - a) *First, assess the value of the company as a whole; and*
 - b) *Then allocate that value among the classes of issued securities in the company (taking into account the relative financial risk, and voting and distribution rights, of the classes); and*
 - c) *Then allocate the value of each class pro rata among the securities in that class (without allowing a premium or applying a discount for particular securities in that class).*
- 3.6 In addition, Section 667C(2) of the Corporations Act states that:
- 3.7 *"Without limiting subsection (1), in determining what is the fair value for securities for the purposes of this Chapter, the consideration (if any) paid for the securities in that class within the previous six months must be taken into account."*

Fair Value

- 3.8 "Fair value" is not defined in the Corporations Act. Consequently, we have valued the Shares by reference to the accepted definition of value which is "fair market value".
- 3.9 Fair market value is normally defined as the price which would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length.

Limitations and reliance on information

- 3.10 Our opinions are based on the economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.
- 3.11 Our Report is also based upon financial and other information provided by Frankland River. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purposes of forming an opinion as to the fair value of a Frankland River Share. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or “due diligence” investigation might disclose. None of these additional tasks have been undertaken.
- 3.12 An important part of the information used in forming the opinion of the kind expressed in this report is the opinions and judgments of management of the Company. This information has also been evaluated through analysis, enquiry and review to the extent practicable. However, it must be recognised that such information is not always capable of external verification or validation.

4. BACKGROUND

Overview of Frankland River

- 4.1 Frankland River grows, harvests, processes, and sells extra virgin olive oil and table olives in Australia. The company sells its extra virgin olive oil in packaged and bulk forms under the Jingilli brand name.
- 4.2 It operates olive groves; owns 783 hectares of land in Frankland, Western Australia ("Frankland River Property"); and owns 1,360 hectares of land, including 735 hectares of land planted with olive trees in Mogumber, Western Australia ("Parmelia Grove Property"). Frankland River also exports its products.
- 4.3 The Company was founded in 1999 and is based in Welshpool, Australia.
- 4.4 Frankland River is a subsidiary of Toscana (WA) Pty Ltd.

Industry Overview

- 4.5 According to IBISWorld, the olive growing industry in Australia is in the mature phase of its life cycle, typified by the overall decline in the number of enterprises operating in this industry. This is expected to be due to a number of boutique growers exiting the industry over last 5 years due to its highly volatile nature, and no real innovation beyond the development of more sophisticated pesticides.
- 4.6 The olive growing industry is expected to grow at a stronger rate over the next five years. Opportunities lie in olive growers' ability to make use of Australia's reputation for farming high-quality agricultural products. This, along with a depreciating Australian dollar, is anticipated to boost demand for Australian olive products domestically and, to a lesser extent, internationally. The health benefits of olive oil have also made it the oil of choice for many health-conscious consumers
- 4.7 IBISWorld forecasts that the industry revenue will grow at an annualised 2.7% over the five years through 2020-21 to reach \$200.3 million. Nevertheless, industry farmers are anticipated to face challenges, including downward pressure on farmgate prices by supermarket giants Coles and Woolworths. Furthermore, climatic factors such as the El Nino effect is expected to restrict olive harvests.

Financial Information

- 4.8 The financial information provided in the following paragraphs has been extracted from the audited financial statements for the years ended 30 June 2014 and 30 June 2015 and for the six months ended 31 December 2015. The financial statements have been prepared on a going concern basis for the reasons set out in Note 2 to the Financial Report for the half-year ended 31 December 2015, from which the following is extracted:-

“The directors have prepared the financial statements of the consolidated entity on a going concern basis which assumes continuity of normal business activities and realisation of assets and the settlement of liabilities in the ordinary course of business. The major shareholder Toscana (WA) Pty Ltd which has sufficient financial capability has provided a letter of support indicating that it intends to continue providing further loan funds to the Company for working capital purposes and to ensure that the Company has sufficient funds to continue trading and to pay its debts as and when due. Based on the letter of support provided by Toscana (WA) Pty Ltd as described above and the group trading profitably, the directors have prepared cash flow forecasts that indicate the group will have sufficient cash flows to meet all working capital requirements for a period of at least 12 months from the date of signing the consolidated financial report.”

Financial Performance

4.9 The table below summaries the historical consolidated financial performance of Frankland River for the half-year ended 31 December 2015 and the years' ended 30 June 2015 and 30 June 2014.

Table 1 Frankland River Financial Performance

\$ '000	Ref	31-Dec-15	30-Jun-15	30-Jun-14
		HY Reviewed	Audited	Audited
Revenue		1,692	1,046	1,655
Cost of Sales		(1,026)	(470)	(1,126)
Gross Profit		666	576	529
Other Income		31	36	45
Distribution and logistics costs		(231)	(381)	(449)
Marketing and promotion costs		(54)	(39)	(78)
Corporate and administrative expenses		(146)	(463)	(377)
Finance Costs		(390)	(738)	(979)
Foreign exchange losses		(61)	-	-
Depreciation		(135)	(358)	(363)
Net decrement in fair value of olive trees	4.12	-	-	(9,885)
(Loss) before tax		(320)	(1,367)	(11,557)
Income tax benefit		-	-	236
Net (loss)		(320)	(1,367)	(11,321)
Gain / (loss) on revaluation of assets		-	-	(285)
Total comprehensive (loss)		(320)	(1,367)	(11,606)

Source: Frankland River audited financial statements

- 4.10 Frankland River has reported a loss in each of the past two financial years and also the half-year ended 31 December 2015.
- 4.11 Frankland River has ongoing costs relating to distribution and logistics and corporate and administration, plus considerable financing costs from related party loans held with Toscana.
- 4.12 The significant losses reported in 2014 was mainly attributable to the \$9.9m revaluation decrement in the fair value of olive trees, having regard to amongst other matters, replacement cost and the trees' production quality.

Financial Position

4.13 The table below summaries the consolidated financial position of Frankland River as at 31 December 2015, 30 June 2015 and 30 June 2014.

Table 2 Frankland River Financial Position

\$ '000	31-Dec-15 Reviewed	30-Jun-15 Audited	30-Jun-14 Audited
Assets			
Cash and cash equivalents	256	4	20
Trade and other receivables	217	217	542
Inventories	1,217	1,670	1,198
Prepayments	18	87	51
Total current assets	1,709	1,978	1,811
Property, plant and equipment	8,620	8,730	9,089
Olive Trees	5,940	5,940	5,940
Intangible assets	1,710	1,710	1,710
Total non-current assets	16,270	16,380	16,739
Total assets	17,979	18,358	18,549
Liabilities			
Trade and other payables	891	1,189	993
Loans and borrowings	7	7	6
Provisions	21	25	16
Total current liabilities	919	1,221	1,014
Loans and borrowings	9,999	9,758	8,794
Provisions	25	24	19
Total non-current liabilities	10,024	9,781	8,813
Total liabilities	10,943	11,002	9,827
Net assets	7,035	7,356	8,723
Equity			
Issued capital	43,083	43,083	43,083
Asset revaluation reserve	2,950	2,950	2,950
Accumulated losses	(38,998)	(38,677)	(37,311)
Total equity	7,035	7,356	8,723

Source: Frankland River audited financial statements

4.14 As at 31 December 2015 Frankland River had net assets of approximately \$7.0 million, and net tangible assets (net assets – intangible assets) of approximately \$5.3 million.

4.15 The significant items on the balance sheet at 31 December 2015 include:

- \$8.6 million property, plant of equipment, which includes approximately \$1.5 million of plant and equipment and \$7.1m relating to the properties held at Parmelia Grove and Frankland River;
- \$5.9 million in olive trees;
- \$1.2 million in olive oil and table olive inventories;
- \$1.7 million of intangible assets relating to water rights; and
- \$10.0 million of borrowings, comprising primarily of interest bearing related party loans from Toscana.

- 4.16 As stated in paragraph 4.8 the ongoing operations of Frankland River are funded by Toscana through the related party loan which as at 31 December 2015 was \$9,997,708 being increased by \$1,215,364 from 30 June 2014 when the balance was \$8,782,344. The loan is secured on the assets of the Company and interest is charged at the rate of 10% per annum.

Capital Structure

- 4.17 Frankland River has 568,930,458 ordinary shares on issue. The top 20 shareholders of Frankland River as at 2 May 2016 are set out in the table below.

Table 3 Frankland River Top 20 Shareholders

1	Toscana (WA) Pty Ltd – various addresses	509,946,996	89.63%
2	Toscana (WA) Pty Ltd – Welshpool WA	11,592,373	2.04%
3	Alba Capital Pty Ltd	4,873,638	0.86%
4	GA & AM Leaver Investments Pty	4,658,417	0.82%
5	Leopard Asset Management Pty	2,500,000	0.44%
6	Mr John Bryan Bond & Ms Gemma Patricia Bond	2,201,068	0.39%
7	Mr Trevor Neil Hay	1,757,099	0.31%
8	Mr David Boesley	1,658,252	0.29%
9	KSLCorp Pty Ltd	1,500,000	0.26%
10	J Taylor Nominees Pty Ltd	1,122,682	0.20%
11	Mr Graham Leslie Cullingford	1,087,800	0.19%
12	Mr Michael John Blatch &	1,007,829	0.18%
13	PFTK Nominees Pty Ltd	1,000,000	0.18%
14	Oakenshaw Nominees Pty Ltd	800,000	0.14%
15	Mr Neil Thacker MacLachlan	750,000	0.13%
16	Mr Salim Cassim	588,236	0.10%
17	Mr Keith Holt	539,130	0.09%
18	Mat Mining Pty Ltd	460,000	0.08%
19	Mr Jason Matthew Cheetham	423,148	0.07%
20	Mr Kevin William Steele	412,575	0.07%
Top 20 holders of Frankland River ordinary fully paid		548,879,243	96.48%
Total remaining holders balance		20,051,215	3.52%
Total holders balance		568,930,458	100.00%

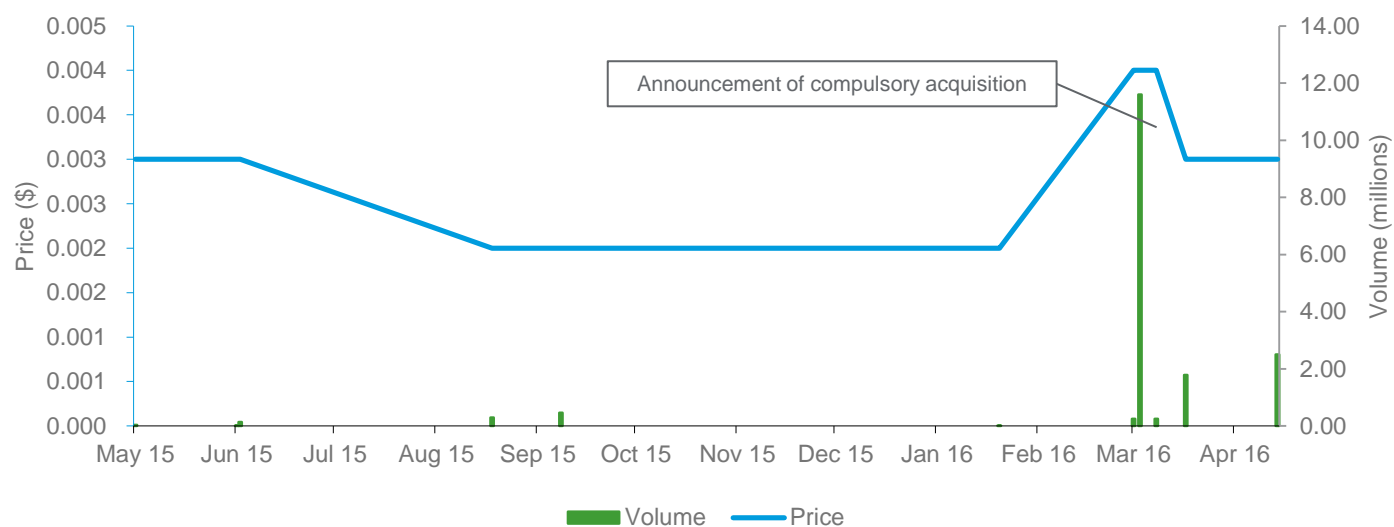
(Source: Company / Computershare)

- 4.18 The table indicates that Toscana owns 91.67% of the issued capital of Frankland River as at 2 May 2016.

Share price performance

4.19 The figure below sets out a summary of Frankland River's closing share prices and traded volumes for the 12 months to 15 May 2016.

Figure 1 Frankland River Stock Price and Volume Performance



Source: S&P Capital IQ

4.20 In the 180 trading days prior to the date of this report, approximately 17.2 million or 3.02% of Frankland River shares were traded, majority of which related to purchases made by Toscana. This is reflective of an extremely illiquid stock.

5. VALUATION APPROACH

Valuation methodologies

5.1 In assessing the Fair Value of an ordinary Frankland River share, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:

- the discounted cash flow (“DCF”) method and the estimated realisable value of any surplus assets;
- the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
- the amount which would be available for distribution on an orderly realisation of assets;
- the quoted price for listed securities; and
- any recent genuine offers received.

5.2 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market based methods

5.3 Market based methods estimate the Fair Value by considering the market value of a company’s securities or the market value of comparable companies. Market based methods include;

- The quoted price for listed securities; and
- Industry specific methods.

5.4 The recent quoted price for listed securities method provides evidence of the fair market value of a company’s securities where they are publicly traded in an informed and liquid market.

5.5 Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income based

5.6 Income based methods estimate value by calculating the present value of a company’s estimated future stream of earnings or cash flows. Income based methods include:

- Capitalisation of maintainable earnings; and
- Discounted cash flow methods.

5.7 The capitalisation of earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings (“FME”) of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

- 5.8 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

Asset based methods

- 5.9 Asset based methodologies estimate the Fair Value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:
- orderly realisation of assets method;
 - liquidation of assets method; and
 - net assets on a going concern basis.
- 5.10 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 5.11 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method and is appropriate for companies in financial distress or where a company is not valued as a going concern.
- 5.12 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

Selection of Valuation Methodologies

- 5.13 In assessing the fair market value of the Shares, we have used the net assets on a going concern basis.
- 5.14 In accordance with Section 667C(2), we have also considered the traded price of a Share in the six months prior to the date of this Report.
- 5.15 We have instructed Latrobe Holdings Pty Ltd trading as LMW ("LMW") to act as an independent specialist to value the land and improvements, olive groves and water rights held by Frankland River. LMW is a property valuation business and the valuations were prepared by Brian Miles AAPI 65495, Certified Practising Valuer, Licenced Valuer No 221, WA. Details of the LMW valuations are provided in Section 6 of this Report. A copy of the full LMW reports may be requested from Toscana free of charge.

6. VALUATION OF 100% OF FRANKLAND RIVER

6.1 As stated at paragraph 5.13 we have assessed the value of Frankland River using the net assets on a going concern method. We have also given consideration to the shares traded by Frankland River in the six months prior to the date of this report (as required by Section 667C(2) of the Corporations Act).

Net assets on a going concern method

6.2 We have assessed the value of Frankland River to be \$(0.004) based on the net assets on a going concern methodology, as summarised in the table below. A share cannot be worth less than nil, as such, we consider the value of a Frankland River share to be nil.

Table 5 Assessed Fair Market Value of a Frankland River Share - Net Assets on a Going Concern Method

Valuation - Net assets as a going concern \$ '000	Ref	Net Assets As at Valuation Date	Adjustments	Adjusted Net Assets As at Valuation Date
Assets				
Cash and cash equivalents		256	-	256
Trade and other receivables		217	-	217
Inventories		1,217	-	1,217
Prepayments		18	-	18
Total current assets		1,709	-	1,709
Property		7,055	(2,505)	4,550
Plant and equipment		1,565	-	1,565
Olive Trees		5,940	(5,940)	-
Intangible assets		1,710	(960)	750
Total non-current assets		16,270	(9,405)	6,865
Total assets		17,979	(9,405)	8,574
Liabilities				
Trade and other payables		891	-	891
Loans and borrowings		7	-	7
Provisions		21	-	21
Total current liabilities		919	-	919
Loans and borrowings		9,999	-	9,999
Provisions		25	-	25
Total non-current liabilities		10,024	-	10,024
Total liabilities		10,943	-	10,943
Net assets		7,035	-	(2,369)
Actual number of shares				568,930,458
Value per share				\$(0.004)
Value to Shareholders				Nil

Source: RSM Analysis

- 6.3 Our assessment has been based on the reviewed net assets of Frankland River as at 31 December 2015.
- 6.4 We have been advised that, except for adjustments noted below, there has been no significant change in net assets of Frankland River since 31 December 2015.
- 6.5 In order to calculate a fair market value of Frankland River's shares we have made a number of adjustments to the carrying values of net assets included in the Statement of Financial Position as at 31 December 2015.

Property, Olive Trees and Intangible Assets

- 6.6 We have replaced the carrying value of property, olive trees and intangible assets with the values determined by LMW. Set out in the table below is a summary by location of the carrying values and values determined by LMW for these asset classes:

\$ 000	Book Value	LMW	Difference
Frankland River property			
Property	3,921	2,100	(1821)
Olive trees	2,420	-	(2,420)
Water Rights (Intangible asset)	-	-	-
	<u>6,341</u>	<u>2,100</u>	<u>(4,241)</u>
Parmelia Grove property			
Property	3,134	2,450	(684)
Olive trees	3,520	-	(3,520)
Water Rights (Intangible asset)	1,710	750	(960)
	<u>8,346</u>	<u>3,200</u>	<u>(5,164)</u>
Total			
Property	7,055	4,550	(2,505)
Olive trees	5,940	-	(5,940)
Water Rights (Intangible asset)	1,710	750	(960)
	<u>14,705</u>	<u>5,300</u>	<u>(9,405)</u>

Source: RSM Analysis

Frankland River Property

- 6.7 LMW have valued the Frankland River property on the basis of market value "as is" with vacant possession. The primary method of valuation adopted was direct comparison.
- 6.8 LMW have summarised the property as follows:-

"A large olive tree grove in 2 lots and comprises medium to heavy soils with 76% of the overall farm being established to olive trees, large dams, tracks, roaded catchments and building areas. The balance is uncleared remnant bush and river lands. There is a full complement of buildings including 3 houses, a large purpose built oil processing warehouse, a large workshop, chemical shed, fertiliser shed, 2 pump sheds, several dongas and sundry old sheds.

The olive grove is approx. 15 years old and comprises 103,554 trees. From our inspection the trees are generally well established however the fruiting of trees appears to be inconsistent or non-existent because of scale and weevils attack. This problem is now ongoing and needs chemical control which affects yields significantly. Based on our inspection the problem appears to be widespread. Approximately 4% of the grove is Kalamata variety which is mostly grown for table olives and the section of approx. 16ha is proposed to be removed.

Delivery of fertiliser and water has been below requirements for normal healthy growth. The dams are well below capacity caused by rainfall and catchments not being properly maintained. Some catchments have been partly overgrown with weeds and the adjoining blue gum plantations have grown substantially over the years restricting water flow into the catchments.

Overall presentation of the farm appears to be reasonable however viability has been of ongoing concern and considerable expenditure is required to help bring the olive grove up to reasonable production and potential profitability. The costs may not be justified by the expected returns for oil which are for many growers at a level below the cost of production.

We consider that highest and best use is returning the land to pasture and potential for cropping although not all land would be suitable because of shape and slope."

6.9 LMW make further comment as to the highest and best use of the property:-

"Currently confidence is for grain growing areas is reasonably good after several average to above average seasons. Fuel costs and finance costs are now substantially lower which is good assistance to farmers. Demand for horticultural properties is dependent on availability of water supply and adequate license allocation, ability to use mechanical planters and harvesting machines and proximity to markets.

The subject farm has indifferent and variable oil production and has marginal viability which does not make the farm attractive to the open market. In addition the olive oil industry has been struggling for many years because of low prices and the demand for olive farms is very thin with a history of most farms being insolvent in Western Australia or selling under mortgagee or receiver sale conditions.

The subject property has alternative opportunities in agriculture including horticulture and grain growing. New investment would be required however the existing water supply and the opportunity to improve the soils for crop growing could make the farm reasonably viable going forward in a short period of time. The tree farms in the locality are being converted back to pasture or for cropping with reasonable demand from farmers who have converted to cropping in recent years. The reliable rainfall and good soils are well suited to cropping as climate change has made the locality suitable for high yields."

6.10 On the basis of their analysis LMW have attributed a nil value to the olive trees and assessed the market value of the land and buildings "as is" on the same basis as "highest and best use" which is as farm land.

6.11 In determining the value of the land and buildings LMW have considered comparable values of farmland including buildings in the area surrounding the Frankland River property which provided a value range per hectare including buildings of \$2,650 to \$2,700. Given that the Frankland River property is 783 hectares in area this provides a value range of \$2,075,950 to \$2,114,100 with a preferred value of \$2,100,000.

Parmelia Grove Property

6.12 LMW have valued the Parmelia Grove property on the basis of market value “as is” with vacant possession. The primary method of valuation adopted was direct comparison.

6.13 LMW have summarised the property as follows:

“A large olive tree grove and grazing holding in 1 lot and comprises medium to light sand plain soils with 63% of the overall farm being cleared or parkland cleared and pastured and the balance is uncleared remnant bush, swamps and fresh water lakes. There is a full complement of buildings including a large purpose built oil processing warehouse, a main residence, donga or transportable accommodation units and a large workshop.

The olive grove comprises 162,320 olive trees of mixed varieties planted in 39 blocks with good access roads and the trees are fully reticulated. The main water supply for the reticulation system is based on a deep bore which fills a PVC lined dam and then overflows into a large PVC lined reservoir. Further water is drawn from a soak. The water is then pumped as required together with fertiliser through the olive grove on an automatic staged system.

The olive trees appear to be reasonably healthy however production over the years has fluctuated with water and fertiliser delivery being a significant problem. The olive fruit can be processed on site and is bottled in Perth for mostly local markets and some bulk overseas markets. We understand the viability of the olive grove has been marginal at best with the price for oil not being at a reasonable level for many years. The open pastured lands are mainly used for grazing from time to time. Overall presentation of the farm is fair and reasonable.

The main olive tree variety of Barnea (67%) on the farm is now being removed around Australia because of the constant need to prune, variable fruit yield and is susceptible to disease. Notwithstanding the argument to replace the trees, we would suggest that the highest and best use is not continuing as a large olive grove. The farm has potential to become more viable if the existing trees are removed and convert the land to use for pasture, cropping or horticulture.

The existing Perth-Leederville-Parmelia Aquifer large water licence (2,500,000KL) is a valuable asset because the aquifer is fully allocated however the Perth-Surficial Aquifer water license (350,000KL) has limited value because of water from the aquifer is available for allocation currently. Water licences are transferrable in Western Australia only within the subject water aquifer and are closely monitored by the Water Department.”

6.14 LMW further comment as to highest and best use of the property:-

“Currently confidence is for grain growing areas is reasonably good after several average to above average seasons. Fuel costs and finance costs are now substantially lower which is good assistance to farmers. Demand for horticultural properties is dependent on availability of water supply and adequate license allocation, ability to use mechanical planters and harvesting machines and proximity to markets.

The subject farm has indifferent and variable oil production and has the wrong varieties of olive trees which do not make the farm attractive to the open market. In addition the olive oil industry has been struggling for many years because of low prices and the demand for olive farms is very thin with a history of most farms going broke in Western Australia.

The subject property has alternative opportunities in agriculture including horticulture and grain growing. New investment would be required however the existing water supply and the opportunity to improve the soils for crop growing could make the farm reasonably viable going forward in a short period of time.”

- 6.15 On the basis of their analysis LMW have attributed a nil value to the olive trees and assessed the market value of the land and buildings and water rights “as is” on the same basis as “highest and best use” which is farmland.
- 6.16 In determining the value of land and buildings LMW have considered comparable sales of farmland including buildings in the area surrounding the Parmelia Grove property which provide a range per hectare including buildings of \$1,700 to \$1,900. Given that the Parmelia Grove property is 1,360 hectares in area this provides a value range of \$2,312,500 to \$2,584,000 with a preferred value of \$2,450,000.
- 6.17 The water rights is for 2,500,000KL. This has been value at the rate of 30c per KL with marketing information suggesting a range of 20c to 50c per KL. The total value of the water rights has been assessed at \$750,000.

Traded Prices of Listed Securities

- 6.18 We have also considered the recent traded prices for Frankland River Shares on the ASX in the six months prior to the date of this report.
- 6.19 As set out in paragraphs 4.19 and 4.20, in the 180 trading days prior to the date of this report approximately 17.2 million or 3.02% of Frankland River shares were traded, the majority of which related to purchases made by Toscana.
- 6.20 Furthermore, we have considered the recently traded prices in accordance with 667C(2) of the Corporations Act and noted the following:
- On 5 May 2016 FLR shares were bought and sold on market at \$0.003 per Share;
 - On 7 April 2016 FLR shares were bought and sold at \$0.003 per Share;
 - On 29 March 2016 FLR Shares were bought and sold at \$0.004 per Share;
 - On 24 March 2016, FLR Shares were bought and sold at \$0.004 per Share;
 - On 22 March 2016 FLR Shares were bought and sold at \$0.002 per Share; and
 - On 10 February 2016 FLR Shares were bought and sold at \$0.002 per Share.
- 6.21 This indicates a trading range of \$0.002 - \$0.004 per FLR Share in the 6 months period prior to the date of this report. However we note that the recent trading at \$0.004 represents purchasing made by Toscana in order to activate the compulsory takeover under 664A of the Corporations Act, and Toscana may have been prepared to pay a higher price than a regular buyer in order to gain 100% ownership.

Valuation based on Traded Price of Listed Securities

- 6.22 Based on the above we have valued the Frankland River shares on the basis of the traded price at \$0.004 per share.

Valuation summary and conclusion

- 6.19 Based on our analysis we consider the value of a Frankland River Share to be in the range of \$nil to \$0.004.

7. IS THE PROPOSED TRANSACTION FAIR TO FRANKLAND RIVER SHAREHOLDERS?

- 7.1 The price to be paid to the Non-Associated Shareholders as set out in the Compulsory Acquisition Notice if \$0.004 per share. As the price to be paid to the Non-Associated Shareholders is greater than or equal to our valuation of \$nil to \$0.004 per Share, in our opinion, the terms proposed in the Compulsory Acquisition Notice give a fair value for the Shares.

Yours faithfully

RSM CORPORATE AUSTRALIA PTY LTD

A handwritten signature in black ink that reads 'Andrew Gilmour'.

A J GILMOUR

Director



APPENDICES

A. DECLARATIONS AND DISCLAIMERS

Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by the ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Pursuant to Section 667A(2) of the Corporations Act, RSM Corporate Australia Pty Ltd has been nominated by the ASIC to prepare the report in relation to the Compulsory Acquisition Notice.

Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Mr. Andrew Gilmour is a director of RSM Corporate Australia Pty Ltd. Mr Gilmour is a Chartered Accountant with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This report has been prepared solely for the purpose of satisfying the requirements of the Corporations Act set out in Sections 667A(1) and 667A(2) to accompany the Compulsory Acquisition Notice issued by Toscana to compulsorily acquire the outstanding shares of Frankland River and assisting Frankland River shareholders in considering the Proposed Compulsory Acquisition. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Frankland River and we have no reason to believe that this information was inaccurate, misleading or incomplete. However, we have not endeavoured to seek any independent confirmation in relation to its accuracy, reliability or completeness. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM Australia, Andrew Gilmour, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM Australia has any interest in the outcome of the Offer, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of \$10,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of the outcome of the Offer.

Disclaimer

This Report has not been prepared for any other purpose other than to satisfy the requirements of the Corporations Act set out in Sections 667A(1) and 667A(2) to accompany the Compulsory Acquisition Notice issued by Toscana to compulsorily acquire the outstanding shares of Frankland River. RSM Corporate Australia Pty Ltd accepts no responsibility or liability for the use of this report outside of this purpose.

Neither the whole nor any parts of this document may be appended or referenced in any documents without the prior written consent of RSM Corporate Australia Pty Ltd.

RSM Corporate Australia Pty Ltd consents to the attachment of this Report in its entirety to the Compulsory Acquisition Notice required pursuant to Section 664C of the Corporations Act.

B.SOURCES OF INFORMATION

In preparing this report we have relied upon the following principal sources of information:

- Frankland River financial statements for the half-year ended 31 December 2015 and unaudited financial statements for the years' ended 30 June 2015 and 30 June 2014.
- Frankland River share register listing provided by Frankland River management dated 2 May 2016.
- Information provided by Frankland River management through meetings and correspondence.
- Capital IQ, IBIS World and other financial databases and subscription services.
- Publicly available information including ASX announcements.
- Valuation of Parmelia Grove Property prepared by LMW.
- Valuation of Frankland River Property prepared by LMW.
- Notice of Compulsory Acquisition.

C. GLOSSARY OF TERMS

Glossary of Terms and Abbreviations

Unless expressly defined in this Report, terms defined in the Explanatory Memorandum accompanying the Notice have the same meaning in this Report.

Term or Abbreviation	Definition
\$ or A\$	Australian Dollar
Act	Corporations Act 2001 (Cth)
Announcement	ASX announcement on 30 March 2016 for Toscana's compulsory acquisition of the remaining shares in FLR it did not own
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
Company or FLR	Frankland River Olive Company Limited
Control basis	As assessment of the fair value on an equity interest, which assumes the holder or holders have control of entity in which the equity is held
Directors	Directors of Frankland River
EBITDA	Earnings before interest, taxation, depreciation, and amortisation
EV	Enterprise Value, meaning, the total value of the equity in a business plus the value of its debt or debt-related liabilities, minus any cash or cash equivalents available to meet those liabilities
Fair Value	the amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FY##	Financial year ended 30 June
Frankland River Share or Share	Fully paid ordinary share in the capital of the Company
Frankland River Shareholder or Shareholders	Holders of shares
LMW	Latrobe Holdings Pty Ltd
Non-Associated Shareholders	Shareholders other than Toscana and its related entities
Non control basis	As assessment of the fair value on an equity interest, which assumes the holder or holders do not have control of entity in which the equity is held
RG 111	ASIC Regulatory Guide 111 Contents of Expert's Reports
RSMCA	RSM Corporate Australia Pty Ltd
S&P Capital IQ	An entity of Standard and Poors which is a third party provider of company and other financial information
Toscana	Toscana (WA) Pty Ltd
US\$	US dollars
VWAP	Volume weighted average Share price

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